

Chief Administrative Office Risk Management Annual Report

Fiscal Year Ended June 30, 2005



County of Los Angeles, California

We are proud to present the *County of Los Angeles Chief Administrative Office, Risk Management Branch Annual Report for Fiscal Year ending June 30, 2005.*

While we have plans to enhance future reports, your questions or suggestions concerning the Fiscal Year (FY) 2004-05 annual report would be appreciated.

Thank you

County of Los Angeles
Chief Administrative Office
Risk Management Branch
3333 Wilshire Blvd., Suite 820
Los Angeles, CA 90010
(213) 351-5346
(213) 252-0405 Fax



David E. Janssen
Chief Administrative Officer



This report is available on our website at <http://cao.co.la.ca.us>

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EXECUTIVE SUMMARY

The County of Los Angeles Chief Administrative Office (CAO) is pleased to provide its risk management annual report for FY July 1, 2004 to June 30, 2005.

The report contains summaries of the fiscal year's losses and costs for the County of Los Angeles (County) workers' compensation, general liability, vehicle liability, and medical malpractice self-insured programs. This report is intended to assist departments with the assessment of the nature and extent of departmental exposures and losses, and implement effective loss control and prevention programs to mitigate those losses.

MISSION AND STRUCTURE

The Chief Administrative Office Risk Management Branch (CAO/RMB) mission is:

To evaluate significant Countywide risks, hazards and exposures; develop and implement risk management methodologies to fund, minimize or eliminate loss; and, advise the Board of Supervisors and departments of risk control strategies to mitigate unanticipated financial losses.

The CAO/RMB's vision is:

To be recognized as the leader in risk management for the State of California public entities; and, to be relied upon for a Countywide risk management philosophy, standards, processes, and direction.

CAO/RMB's primary risk management responsibilities include:

- Risk consulting
- Self-insurance or purchased insurance above self-insured retentions
- Management and financing of the County's Workers' Compensation Trust Fund (WCTF)
- Oversight of the Contract Cities and Special Districts Liability Trust Fund
- Administration and monitoring Third Party Administrators' (TPA) adjusting of tort liability claims, including workers' compensation, vehicle liability, general liability, and medical malpractice liability claims
- Loss prevention training, reporting, standards, procedures, and compliance
- Loss control and industrial hygiene programs
- Contractual indemnification and insurance requirement language review

- Administration of the County's occupational health program, including employee medical and psychological programs and the Employee Assistance Program
- Administration of the County's Short Term Disability and Long Term Disability Plans
- Administration of the County's Return-to-Work Program

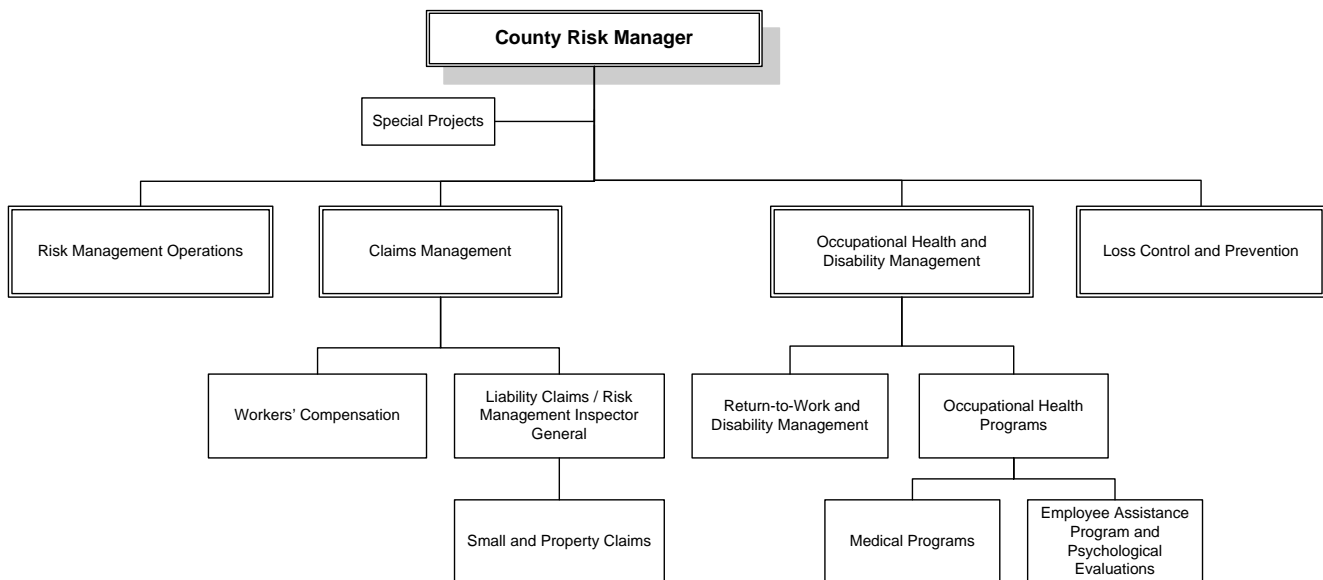
CAO/RMB comprises six operational areas:

1. Workers' Compensation Claims
2. Liability Claims/Risk Management Inspector General
3. Loss Control and Prevention
4. Occupational Health Programs
5. Return-to-Work and Disability Management
6. Risk Management Operations

Each operational area is presented in this report. CAO/RMB staff strives to accomplish the CAO's mission with direction from the County's Board of Supervisors (Board) and assistance of County departments, the CAO Risk Management Advisory Committee, and County Counsel. The County's Risk Manager reports to the County's Chief Administrative Officer.

Figure 1: CAO/RMB organization chart

CAO Risk Management Branch Organization Chart



FISCAL YEAR 2004-05 RESULTS

During FY 2004-05, the County experienced very good improvements in its risk management results, particularly related to workers' compensation. These improvements are attributable to:

1. 2003 and 2004 State of California (State) workers' compensation legislative reform.
2. Increased departmental loss control and prevention efforts.
3. Increased commitment by department heads to reduce their departments' Cost of Risk.

CAO/RMB staff actively participated in the two-year reform effort that tackled the skyrocketing costs on both the medical and indemnity side of the workers' compensation system; and included reforms such as a medical fee schedule, utilization review and caps, independent medical review, repeal of the treating physician presumption, and the creation of medical provider networks (MPNs).

FY 2004-05 Accomplishments:

- Reduced the County's Cost of Risk from 2.52% to 2.07% (an 18% reduction).
- A 34% decrease (\$141 million) from the budgeted \$414 million for WCTF expenses to the actual paid expenses of \$273 million for FY 2004-05.
- A 16% decrease (\$51 million) in WCTF paid expenses from FY 2003-04 (\$324 million) to FY 2004-05 (\$273 million).
- A 9% decrease (1,014 claims) in the total number of workers' compensation claims filed from FY 2003-04 (11,490) to FY 2004-05 (10,476).
- In collaboration with the County of Los Angeles Guiding Coalition Risk Management Action Team (Action Team) and key County departments, developed several risk management strategies and objectives included in the *County of Los Angeles Strategic Plan - 2005 Update*.

FY 2005-06 Objectives:

- Work closely with County representatives in Sacramento to minimize the erosion of legislative gains obtained through the 2003 and 2004 State workers' compensation reforms; and make additional legislative recommendations relating to workers' compensation or service connected disability retirements as warranted.
- Continue the implementation of measures allowed by the workers' compensation reforms, including establishing a County MPN to treat workers' compensation claimants.
- Improve the methodology by which County pre-placement and periodic medical services are provided.
- Closely collaborate with the Action Team to implement its objectives.

ACTUARIAL RESULTS

The actuarial study of the self-insured Workers' Compensation Program includes a projection of the estimated outstanding losses (the cost of unpaid claims). These losses include claim reserves and incurred but not reported (IBNR) claims. IBNR is comprised of the development of known claims and claims incurred that have yet been reported.

As a result of legislative changes, including State Assembly Bill 227 and Senate Bills (SB) 228 and 899, the County experienced a significant decrease, \$592,682,489 (18.8%), in its estimated outstanding losses.

Table 1: Comparison of estimated outstanding losses

	As of June 30, 2004	As of June 30, 2005	Improvement
Estimated outstanding losses	\$2,627,884,540	\$2,556,222,203	n/a
Projected ultimate losses for FY 2004-05	\$521,020,152	Included above	n/a
Total	\$3,148,904,692	\$2,556,222,203	\$592,682,489

Source: ARM Tech

RISK MANAGEMENT COORDINATORS

Risk Management Coordinators are the designated representatives in each department responsible for overseeing all risk management issues. CAO/RMB efforts at improving the County's Risk Management Program are directly influenced by the support received from County departmental Risk Management Coordinators. CAO/RMB thanks these individuals for their support.

The education of the County's Risk Management Coordinators continued during FY 2004-05. In addition to one-on-one meetings, four group training sessions were conducted with sessions on the following:

- An overview of the liability claims adjusting functions
- An overview of the life cycle of an occupational injury (pre-injury activities, immediate post-injury activities, the workers' compensation process, and return-to-work)
- Updates on occupational health issues
- Updates on medical management issues, particular those related to legislative changes
- Workers' compensation anti-fraud activities
- Volunteer indemnification issues
- Structured settlements
- Updates on loss control and prevention issues and changes

RISK MANAGEMENT ADVISORY COMMITTEE

CAO/RMB thanks the CAO Risk Management Advisory Committee (Committee) for their efforts during the past year. The Committee meets quarterly to receive updates on risk management issues in the County and to provide advice and guidance. The Committee includes representatives appointed by the Board and the CAO.

First District: Supervisor Molina

Gary A. Bacio
Law Offices of Gary Bacio

CAO Appointee

Fay Feeney
Envision Strategic Group

Second District: Supervisor Burke

Jesse B. Johnson, Jr.
City of Long Beach

CAO Appointee

Karen D. Oxman
GNW Evergreen

Third District: Supervisor Yaroslavsky

Diann P. Corral

CAO Appointee

Roger B. Plotkin
Beckman Coulter, Inc.

Fourth District: Supervisor Knabe

Brigitta B. Troy
Arden Realty, Inc.

CAO Appointee

Roland R. Sarlot
Sarlot and Rhein

Fifth District: Supervisor Antonovich

Richards D. Barger, Jr.
Minerva Insurance Services, Inc.

GUIDING COALITION RISK MANAGEMENT ACTION TEAM

The County of Los Angeles Guiding Coalition (GC) is a group of County executives formed by the CAO to provide leadership and guidance to the County family in furthering awareness of the County Strategic Plan and facilitating its continued implementation. The GC is chaired by the CAO, and is comprised of five Board chief deputies/chiefs of staff and 17 other department heads who have volunteered to serve. An Action Team, which was developed as part of the GC, was instrumental in adding several items to the *County of Los Angeles Strategic Plan – 2005 Update*.

- Goal 3, Strategy 7: By June 30, 2006, improve the operational efficiency of the County of Los Angeles Risk Management Program.
- Goal 4, Strategy 3: By March 31, 2007, reduce the County's cost of litigation by changing the emphasis from litigation management to claims adjustment and risk control and prevention utilizing a collaborative format.
- Goal 4, Strategy 4: By January 3, 2006, address reducing the spiraling growth of workers' compensation claims and related expenses by treating such claims and expense as a Countywide financial crisis.

COST OF RISK

The Cost of Risk is a comparison of the County's expenditures for the County's numerous risk management programs to the County's operating expenditures in a specific fiscal year. The effectiveness of the County's risk management programs can be reflected in this comparison since the Cost of Risk includes paid claims (amounts paid in the fiscal year without regard to the year the claims arose), insurance premiums, safety and loss control programs, and operational and administrative expense. The County's Cost of Risk is outlined in Table 2 and the Cost of Risk as a percentage of County expenditures is illustrated in Figure 2.

Table 2: Cost of Risk detail

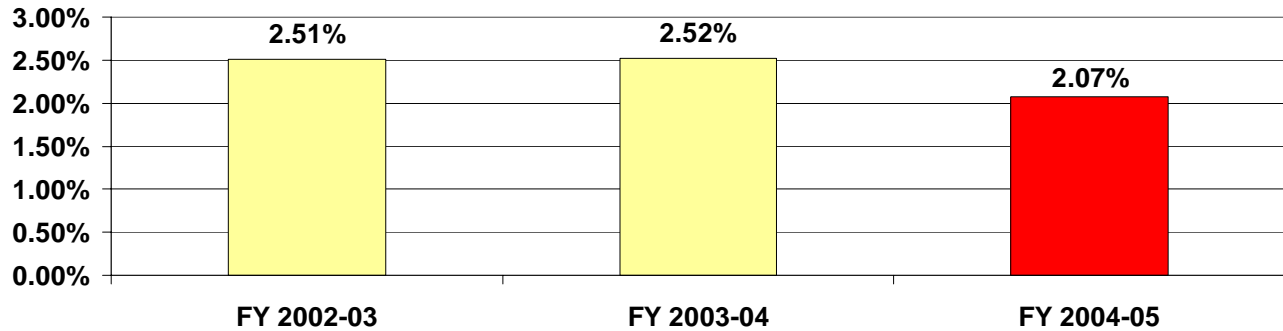
	FY 2002-03	FY 2003-04	FY 2004-05
Claims and Premiums			
Vehicle Liability ^{1,2}	\$5,797,190	\$3,225,815	\$5,171,231
General Liability ¹	\$24,486,383	\$12,750,708	\$7,954,913
Workers' Compensation ³	\$244,411,575	\$264,746,986	\$213,614,145
Medical Malpractice ¹	\$11,575,175	\$8,874,921	\$9,967,836
Property Insurance Premiums ⁴	\$11,626,294	\$11,767,347	\$12,209,867
Other Insurance Premiums ⁴	\$4,087,017	\$3,840,135	\$4,428,482
Subtotal	\$301,983,634	\$305,205,911	\$253,346,474
Other Costs			
Legal Expenses ^{1,5}	\$44,774,536	\$47,381,156	\$49,916,550
Broker Fees ^{1,4}	\$900,000	\$807,884	\$662,589
Consulting and Management Fees ^{1,7}	\$459,341	\$223,559	\$192,227
Claims Administration Fees ^{3,7}	\$20,637,039	\$23,826,110	\$25,715,149
Administrative ^{3,8,9}	\$31,591,729	\$35,685,905	\$32,256,349
Subtotal	\$98,362,645	\$107,924,614	\$108,742,864
COST OF RISK⁶	\$400,346,280	\$413,130,525	\$362,089,338
Total County Operating Expenditures	\$15,928,944,380	\$16,370,651,494	\$17,492,491,499
COST OF RISK (as Percentage of County Operating Expenditures)	2.51%	2.52%	2.07%

Notes:

1. Paid claims represents the amount paid for all indemnity (pay type OC) in the fiscal year regardless of occurrence date and does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves. Payments include CAO/RMB Insurance Budget and County Counsel Judgment and Damages Budget.
2. Vehicle Liability claim cost figures do not include non-insured property loss and non-third party vehicle loss, which are directly paid by each department.
3. Does not include departmental payroll expenses for workers' compensation; Labor Code 4850 or salary continuation.
4. Reflects expenditures funded from only the Insurance Budget and does not include expenditures from the Judgment and Damages Budget.
5. Legal Expenses are defined in liability files as all fees and expenses paid from the liability claim (pay type SS). Legal expenses are defined in workers' compensation as all contract and County Counsel fees (pay category 53). Legal expenses are the sum of pay type SS and pay category 53.
6. Total Cost of Risk does not include non-insured property claims and County owned vehicle claims.
7. Amount is the sum of the Insurance Budget expense for TPA adjusting services and the WCTF expense for TPA adjusting services. Does not include cost for other CAO/RMB functions (i.e. Loss Control and Prevention and Occupational Health Programs).
8. Amount is the sum of administrative support cost (i.e. computer system, CAO/RMB costs) for liability program and all of the administration costs not included in legal expenses, TPA adjusting expenses, and net benefit expense (i.e. investigation expenditures, computer costs); administrative workers' compensation costs are reported in the WCTF report.
9. Amount includes costs not billed from the Insurance Budget for CAO/RMB services for FY 2002-03 and FY 2003-04.

Figure 2: Cost of Risk as a percentage of County expenditures

**County of Los Angeles Cost of Risk as a Percentage of County Expenditures
FY 2002-03 through FY 2004-05**



The County's objective is to minimize the Cost of Risk, with a goal for the Cost of Risk **to not exceed 2.0%** of the County's operating expenditures.

All amounts are valued as of June 30, 2005, as reported in the County's liability risk management information system (RMIS), workers' compensation information system (GenComp) and/or the WCTF Cash Balance Report.

Although RMIS is available to collect and analyze applicable data, some RMIS data need maturation due to questions of completeness, historical data conversion and claim information coding. However, RMIS contains sufficient data to enable County management to measure and control liability exposures. RMIS information included in this report is: (1) information coded as Vehicle Liability (AL), General Liability (GL), and Medical Malpractice (MM); but, (2) information excludes Metropolitan Transportation Authority (MTA), Metrolink, Children Service dependency cases, and probate funding accounts.

RISK MANAGEMENT BRANCH FUNCTIONS

- a. Workers' Compensation
- b. Liability Claims/Risk Management Inspector General
- c. Loss Control and Prevention
- d. Occupational Health Programs
- e. Return-to-Work and Disability Management
- f. Risk Management Operations



WORKERS' COMPENSATION

The County's self-insured Workers' Compensation Program is the largest of any local governmental entity in California, and is responsible for securing statutory workers' compensation protection for over 90,000 employees and the administration of over 24,500 open workers' compensation claims. In addition, approximately 11,000 claims are annually reported (Figure 3). On a daily basis, workers' compensation claims are paid to current, out-of-service, and other statutorily-covered employees. Three workers' compensation claims TPAs adjust the County's workers' compensation claims. Experienced County staff in the CAO/RMB Workers' Compensation Claims Management Unit (CAO/WCCU) provide on-site monitoring of the claims services of each TPA. County Counsel staff and contracted workers' compensation defense attorneys provide legal services.

During FY 2004-05, CAO/WCCU managed the County's self-insured Workers' Compensation Program, ensuring the payment of claims to employees whose injuries arose in the course and scope of employment. CAO/WCCU manages approximately 23,000 open indemnity workers' compensation claims (Figure 3). The open indemnity workers' compensation claim count includes future medical claims, denied claims, delayed claims, and claims where indemnity benefits are owed. CAO/WCCU provides customer service designed to assist injured workers and County departments with resolving workers' compensation claim issues by providing subject matter expertise. Additionally, CAO/WCCU provides continuous on-site workers' compensation TPA monitoring, performance auditing, and negotiation and settlement authorization.

FY 2004-05 Accomplishments

- CAO/WCCU collaborated with TPAs, County departments, and County Counsel in implementing the significant workers' compensation reforms that became effective in Calendar Year (CY) 2004. These State workers' compensation system reforms promise administrative efficiency and cost effectiveness. As a result of the successful implementation of these reforms, the County realized a significant reduction in workers' compensation costs and future exposures. In FY 2004-05, the County WCTF actual costs were approximately 34% under budget and 16% lower than FY 2003-04 WCTF actual costs. These reductions to cost and future exposure are illustrated in Figure 4, Figure 5, and Figure 6.
- CAO/WCCU collaborated with public and private employers in monitoring and recommending regulatory changes that would accomplish reform in an efficient and balanced manner.

- CAO/WCCU continued to emphasize claims handling protocols that cultivate evidence-based claims administration and improve communication between workers' compensation TPAs and County departments. In FY 2004-05, CAO/WCCU monitors attended more than 90 claim reviews and litigation roundtables. This represents an increase of approximately 100% from FY 2003-04.
- CAO/WCCU completed all of the required workers' compensation claims TPA audits. The audits were performed solely by CAO/WCCU in CY 2003, CY 2004, and CY 2005. A consultant's quote exceeded \$210,000 to perform the annual TPA audits. This quote did not include the consultant's participation in the labor-intensive mediation process.
- CAO/WCCU continued to aggressively combat workers' compensation fraud. Since January 2001, the CAO/WCCU Anti-Fraud Program efforts resulted in the following:

Arrests	13
Convictions	10
Restitution Ordered	\$506,200
Restitution Collected	\$136,200
Estimated Future Savings	\$2,132,930

- CAO/WCCU continued to provide onsite training, payment authorization, and fiscal reconciliation services at each workers' compensation TPA facility. These services led to increased benefit coordination efficiency and considerable reduction in "expense leakage."
- CAO/WCCU directed a successful workers' compensation claims administration Request for Proposal (RFP) and competitive bidding process resulting in the award of three contracts. The combined annual cost of these contracts is approximately \$17.2 million.
- CAO/WCCU worked closely with ARM Tech actuaries in developing the County's estimated outstanding and projected ultimate workers' compensation liabilities.

FY 2005-06 Objectives

- Continue to implement the statutory reforms authorized in State SB 899.
- Continue to implement evidence-based claims handling protocols.
- Continue to promote collaboration with workers' compensation TPAs, County departments, and the CAO/RMB return-to-work and loss control and prevention staff to improve workers' compensation claim outcomes.

- Develop metrics to assess the reduction of permanent disability costs through the timely offer of regular, modified, or alternative work.
- Reduce the annual amount of State-rate temporary disability benefits paid Countywide by promoting enhanced communication between departments and their TPAs.
- Collaborate with the County of Los Angeles District Attorney's Fraud Interdiction Program staff and the National Insurance Crime Bureau to deter workers' compensation provider fraud in the County.
- Monitor the transition of approximately 6,000 open workers' compensation claims to a new workers' compensation TPA.

Figure 3: Workers' compensation claim inventory

**County of Los Angeles Workers' Compensation Claim Inventory
Open Indemnity Claims and Claims Reported
As of June 30, FY 2001-02 through FY 2004-05**

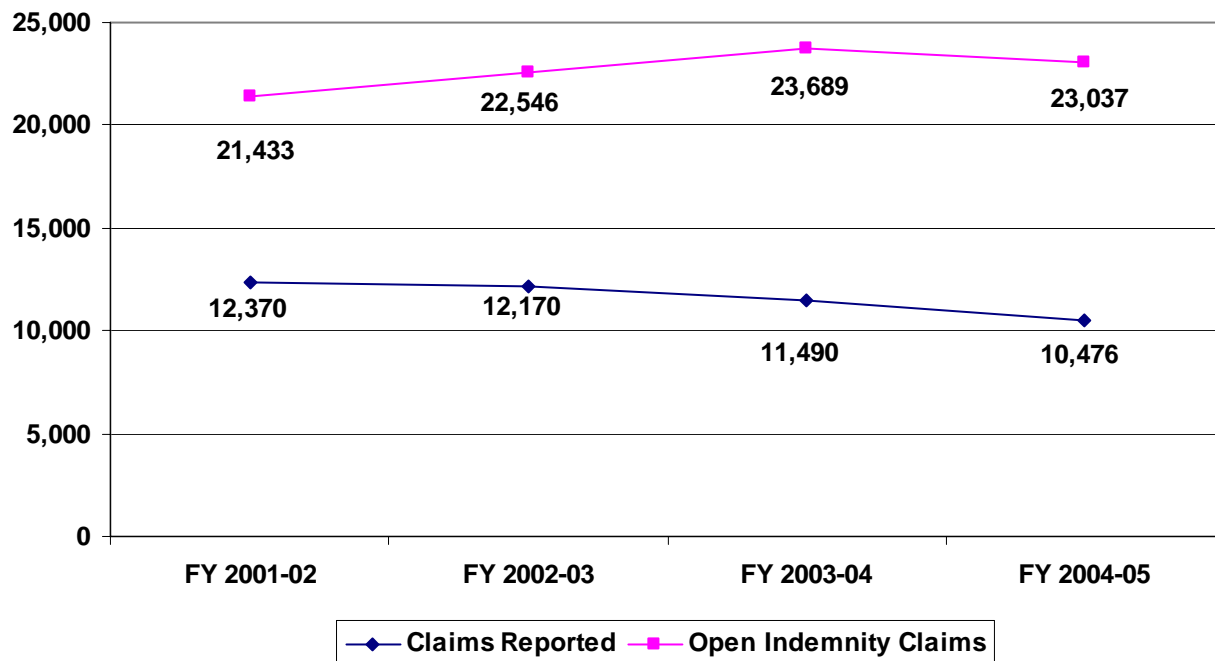


Figure 4: Workers' Compensation Trust Fund budgeted vs. actual paid cost

**County of Los Angeles Workers' Compensation Trust Fund Budgeted vs. Actual Paid
FY 2001-02 through FY 2004-05**

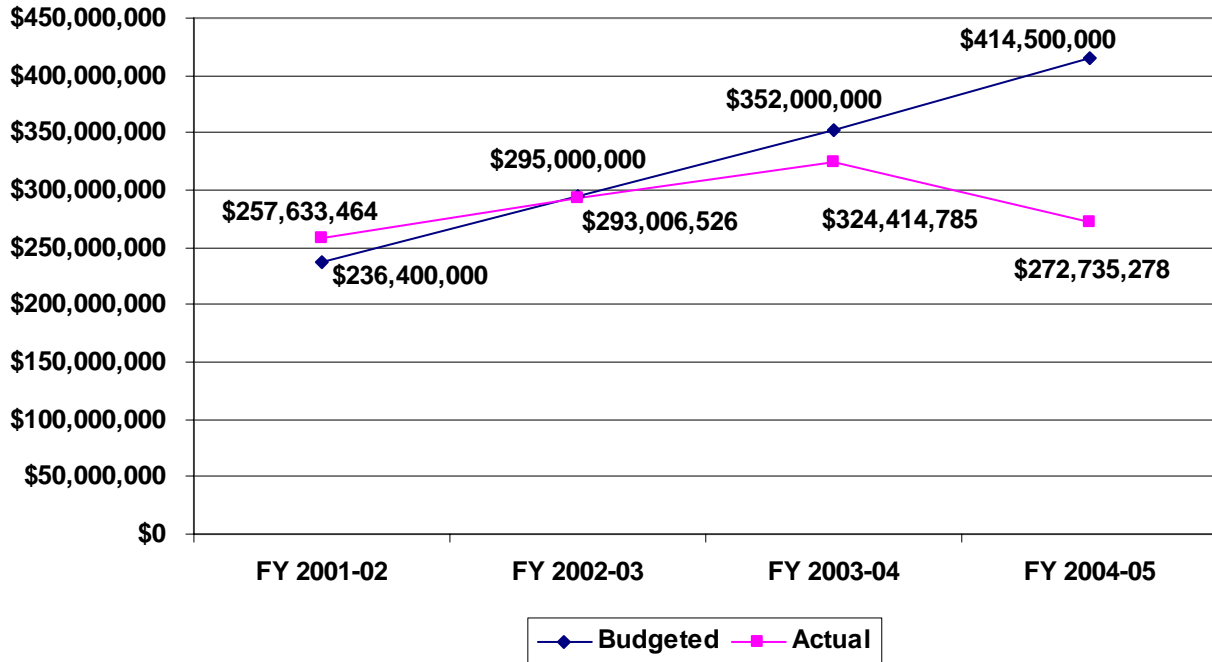


Figure 5: Pay Categories Report cost comparison

**County of Los Angeles Workers' Compensation Pay Categories Report
FY 2003-04 vs. FY 2004-05**

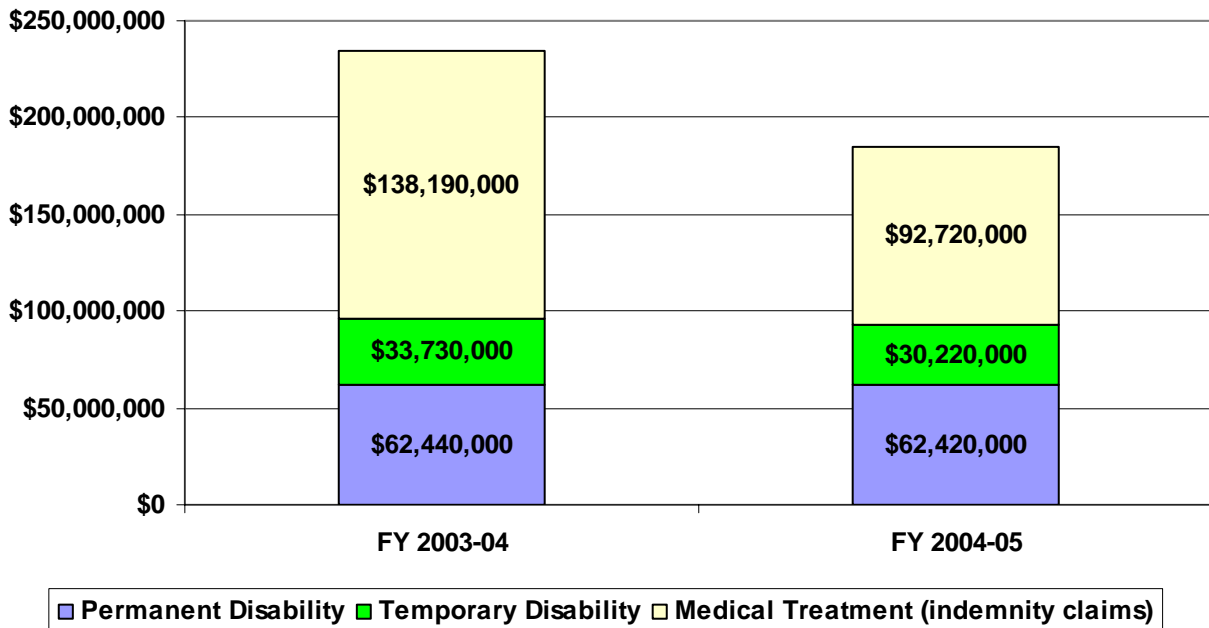
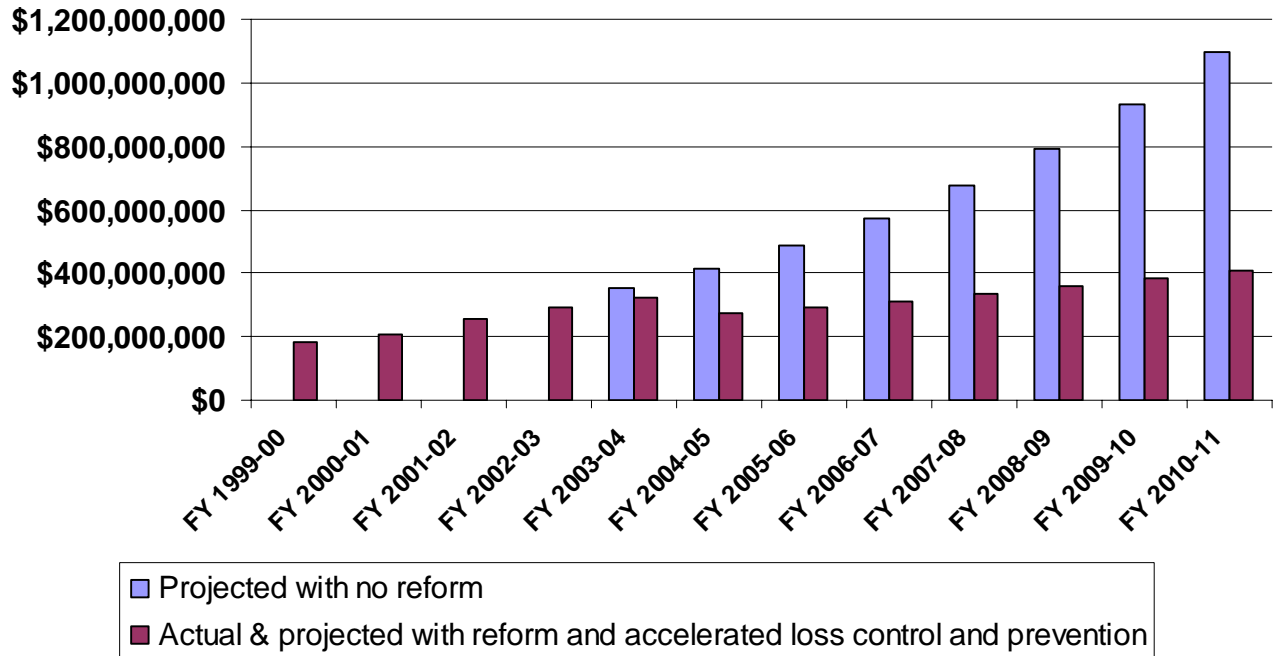


Figure 6: Estimated* expense reduction due to the 2003 and 2004 workers' compensation reforms and loss control and prevention efforts in the County's projected Workers' Compensation Trust Fund costs (estimated July 1, 2005)

**County of Los Angeles Projected Annual Workers' Compensation Expense Reduction
Due to the 2003 and 2004 Reforms and Loss Control and Prevention Efforts**



Actuals through June 30, 2005

Source: GenComp and ARM Tech

* Estimate does not include anticipated State SB 899 erosion and unintended consequences.

LIABILITY CLAIMS/RISK MANAGEMENT INSPECTOR GENERAL

The CAO/RMB Liability Claims/Risk Management Inspector General Unit (CAO/LC) was created in FY 2003-04 to focus resources on the administration of the County's tort liability claims management processes; and, to perform the County's Risk Management Inspector General functions. The CAO/LC mission is:

To advance and improve tort liability, vehicle, and property claim adjusting and management; collaborate with County Counsel in litigation management; and, minimize the number of tort liability, vehicle, and property claims and lawsuits and the County's Cost of Risk.

CAO/LC provides oversight of the County's tort property, vehicle, and liability claims process. For general liability, vehicle liability, employment practices, and medical malpractice claims, CAO/LC administers adjusting of these claims by two liability claims TPAs. Litigated matters are adjusted by County Counsel or by the County's TPAs in collaboration with County Counsel.

For FY 2004-05, new liability claims and lawsuits decreased 7% from the previous year. From July 1, 2004 through June 30, 2005, the County opened 4,401 new liability claims and lawsuits.

CAO/LC also provides the following services to the County:

- Subrogation, restitution, and deductible recovery. In FY 2004-05, CAO/LC received \$199,027 from "at fault" parties who damaged County property.
- Report and consult with County departments on exposure and claim issues. Assist departments to assess methods to reduce exposures and claims.
- Management of the County's two liability TPAs adjusting the County's tort general liability, vehicle liability, employment practices, and medical malpractice claims. In addition to claims adjusting, the TPAs also conduct legal bill reviews and provide departments data and information concerning the departments' claims.
- Adjust small and property damage claims for various County departments.
- Represent the County in Small Claims Court.
- Support departments' loss control efforts through the generation and distribution of RMIS loss control and claims reports.

- Assist departments in the development of Corrective Action Plans (CAPs) and auditing the implementation and effectiveness of approved CAPs.
- Conduct investigations and evaluations of risk management issues with the potential to cause economic loss within the County; for example, the review of the County's liability management processes.

FY 2004-05 Accomplishments

- Through a Countywide effort, the County total Vehicle Liability, General Liability, and Medical Malpractice amount paid only increased by 0.4% from \$57,571,957 in FY 2003-04 to \$57,811,490 in FY 2004-05.
- Through a collaborative effort with County Counsel, liability TPAs, and departments, generated a 60% reduction in the number of open tort liability claims and lawsuits from 15,591 in July 2004 to 6,227 in July 2005.
- Completed the consolidation of property, Small Claims Court, and property damage claims adjusting from the Auditor-Controller into the CAO.
- Implemented a new bi-annual claim adjusting TPA performance audit based on insurance industry best practices; and achieved total average percentage point increase of 22% between the two audits for each liability claims TPA conducted in September 2004 and March 2005.
- Drafted the *2005 County of Los Angeles Liability Strategic Initiative*, outlining goals and objectives for County risk management performance. Evaluated relevant County functions, processes and procedures, and developed detailed process recommendations for various tort liability claims functions throughout the County.
- In recognition of the centralization of County risk management functions into the CAO, recommended changes to *Los Angeles County Code* and administrative procedures to enhance the CAO's ability to adjust and provide for settlement of claims.
- Conducted a survey of California counties and other public agencies related to tort liability claim settlement authority levels, and recommended enhancements to the County's litigation settlement authority for County Counsel and the County of Los Angeles Claims Board (Claims Board) and claims settlement authority for the CAO, County Counsel, and the Claims Board.

FY 2005-06 Objectives

- Implement Countywide CAP development, tracking, and reporting process.
- Publish *Corrective Action Plan User's Guide* and conduct CAP development and implementation training programs.
- Improve liability TPA claims adjusting processes (as measured by improvements in liability claims adjusting performance assessment score).
- Improve the accuracy and functionality of the RMIS database so it preserves and protects the County's attorney-client privileges and attorney work product privileges while facilitating a balance between workflow efficiencies and managerial necessities, and further conforms to system requirements and utilization for managerial, risk management, actuarial, financial, claims and underwriting requirements, and other user needs.
- In collaboration with County Counsel, Auditor-Controller and departments, continue to develop and implement standardized Countywide claims adjusting policies, procedures, or guidelines.
- Evaluate a process to establish annual tort vehicle, property, and liability actuarial studies for improved accuracy of the County's budgeting and cost allocation processes.
- Conduct an analysis of the County's small and property claim programs, and make recommendations to expand the CAO's role in the adjusting of these claims.

LOSS CONTROL AND PREVENTION

The mission of the CAO/RMB Loss Control and Prevention Section (CAO/LCP) is:

To ensure a safe and healthful environment for County employees, visitors, and citizens; and, to minimize the Cost of Risk for the County.

This is accomplished through a number of strategies:

- Understand County departments' operations, exposures, and cost drivers.
- Provide loss control consulting to departments to improve their programs, procedures, and policies relating to workers' compensation, tort liability, general liability, vehicle liability, and property exposures and losses.
- Establish County loss control and prevention standards and assist departments to implement and attain them.
- Focus attention on departments' "cost driver" issues and root causes of loss.
- Facilitate communication between CAO/RMB and departments to discuss risk management issues and implement recommendations.
- Enhance the loss control and prevention knowledge and capabilities within County departments.

CAO/LCP staff are assigned to specific departments to provide County departmental personnel a single point of contact for all loss control and prevention issues. Assigned CAO/LCP staff members often serve as the liaison for loss control and prevention services for their departments. Loss control and prevention services can be provided by any CAO/LCP staff member, or by outside consultants as recommended by CAO/LCP staff.

During FY 2004-05, CAO/LCP continued to focus on standardizing the process through which CAO/LCP services are provided to County departments. CAO/LCP is shifting from a traditional health and safety consultative model to one focused on issues driving workers' compensation, tort liability, general liability, and vehicle liability costs. From a Countywide perspective, there are a number of areas where significant attention is being focused:

- Improving accident investigations and determining root causes of accidents.
- Developing CAPs and Loss Control and Prevention Plans (LCPPs) to address the root causes of accidents.

- Identifying and evaluating risks on a department-by-department basis.
- Developing recommendations to address exposures and risks.
- Assisting departments to implement recommendations.

Leading causes of County workers' compensation claims:

1. Overexertion (lifting, carrying, pushing, pulling)
2. Slips and falls
3. Cumulative trauma (ergonomics)
4. Assaults
5. Struck by falling/flying objects
6. Vehicle accidents (transportation)
7. Other (including exposure, emotional, cardiovascular, rubbed by/against, caught in/between)¹

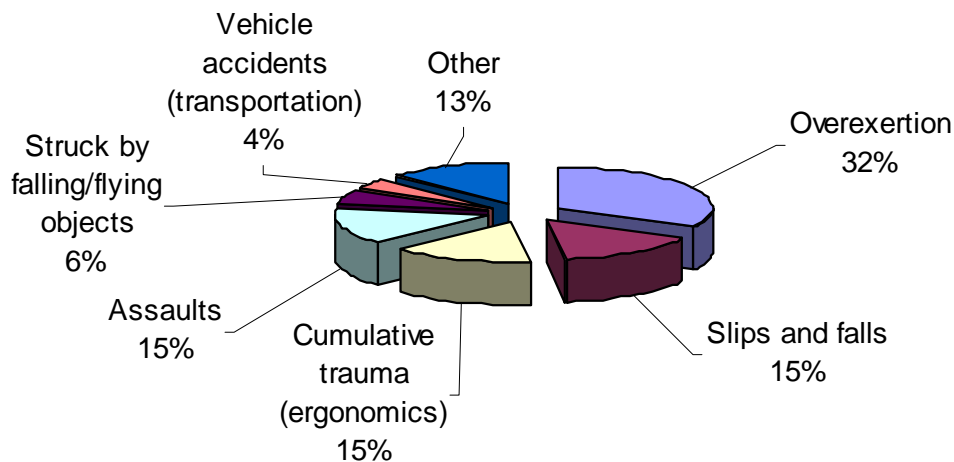
Note:

1. "Rubbed by/against" includes abrasions and foreign objects in the eye; "Caught in/between" involves pinch points, such as pinching fingers in a door.

The causes for these types of claims are being evaluated on a department-by-department basis. Figure 7 illustrates the major causes of FY 2004-05 workers' compensation indemnity claims and Figure 8 illustrates the cost breakdown of the FY 2004-05 major causes of indemnity claims.

Figure 7: Major causes of worker's compensation indemnity claims by frequency

**County of Los Angeles Major Causes of Indemnity Claims by Frequency
FY 2004-05**

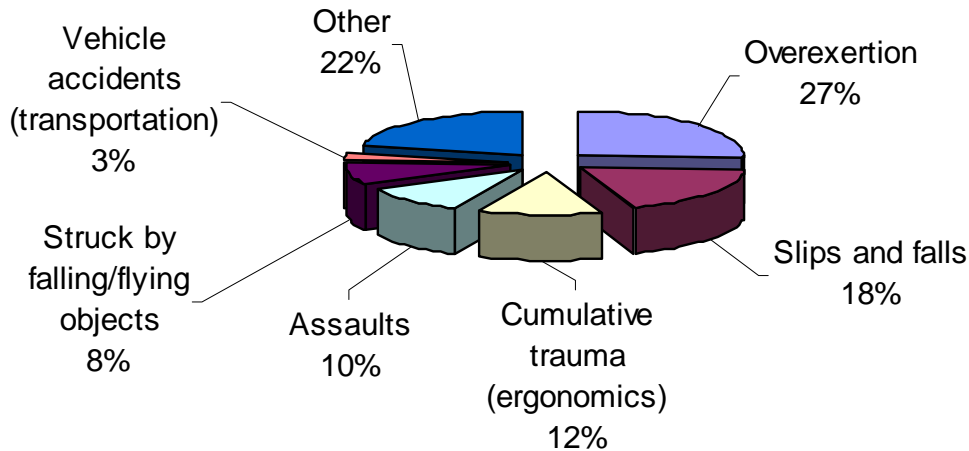


Note:

1. "Other" category includes exposure, emotional, cardiovascular, rubbed by/against, caught in/between.

Figure 8: Major causes of worker's compensation indemnity claims by incurred cost

**County of Los Angeles Major Causes of Indemnity Claims by Incurred Cost
FY 2004-05**



Note:

1. "Other" category includes exposure, emotional, cardiovascular, rubbed by/against, caught in/between.

CAO/LCP efforts are essential to ensuring the safety of County employees, visitors, and citizens, and to minimizing the County's Cost of Risk. CAO/LCP continues to work with its departmental contacts to address issues and implement improvements.

The efforts of CAO/LCP will be tracked by measuring activities and results on a quarterly basis. Activities to be tracked include the number of consultations provided for departments, the number of training sessions completed, and the number of new resource documents developed. The primary measurement is the frequency of new workers' compensation claims filed annually by employees within each department.

FY 2004-05 Accomplishments

- Updated the *Risk and Needs Assessments* for all 38 County departments. These assessments include an overview of the departmental operations and exposures, a description of how the safety function is managed in the department, workers' compensation claim information, an evaluation of exposures for workers' compensation, tort liability, general liability and vehicle liability, and recommendations for improving loss control and prevention issues. These assessments are periodically updated with new exposure information, CAO/LCP claim analyses, recommendations, and changes in the status of prior CAO/LCP recommendations.

- Provided technical support (consultations, training, surveys, etc.) to all departments on a wide range of loss control topics. A total of 579 consultations were provided.
- Conducted four quarterly safety and health seminars attended by approximately 300 participants. Representatives from all departments are invited to attend these seminars. Subjects covered included accident investigation, California Occupational Safety and Health Administration (Cal/OSHA) recordkeeping, vehicle/driver issues, bloodborne pathogens, and asbestos.
- Continued to expand the use of the GenComp system (the County's workers' compensation claim database) by encouraging departments to obtain access to the system, developing a system user's manual, and by training departmental representatives on how to use the system.
- Produced 12 bulletins on a variety of loss control and prevention subjects and made them available to all departments.
- Expanded CAO/LCP efforts to include tort liability, general liability, and vehicle liability issues.
- Through a Countywide effort, the frequency of workers' compensation claims reported Countywide decreased 6% from FY 2002-03 to FY 2003-04 and 9% from FY 2003-04 to FY 2004-05.
- The County experienced a significant decrease (27.6%) in the number of Cal/OSHA citations received regarding occupational hazards (as based on a three-year rolling average).

FY 2005-06 Objectives

- Continue to update loss control and prevention information in the *Risk and Needs Assessments* and consult with other CAO/RMB staff to expand the scope of the assessments to include subject areas beyond loss control and prevention.
- In collaboration with County departments, accelerate the development and implementation of County LCPPs and CAPs.
- Assess the implementation status of existing CAPs.
- Conduct six Countywide educational seminars for County safety contacts.
- Continue to focus CAO/LCP efforts on "cost driver" issues by assisting departments to implement an aggressive Loss Control and Prevention Program.
- Begin to evaluate property loss control issues with the assistance of property insurance carrier risk engineers.

OCCUPATIONAL HEALTH PROGRAMS

The CAO/RMB Occupational Health Programs (CAO/OHP) mission is:

To protect the health of County employees, and by extension, the health and safety of the public they serve; and, to minimize the adverse effects of employee illness and injury on County departments.

Medical Guidelines and Records

The primary functions of CAO/OHP are to develop and implement job-related medical guidelines for new County job applicants, ensure the health and safety of County employees, and retain medical records. New and revised medical guidelines are developed in accordance with Federal and State laws, including Cal/OSHA, the Federal Americans with Disabilities Act (ADA), and the State's Fair Employment and Housing Act (FEHA). The need to establish medical guidelines occurs when new positions are created and existing positions change in their physical, psychological or emotional demands, or when medical knowledge advances occur for improved testing protocols.

CAO/OHP provides medical evaluation services through multiple, contracted medical clinic sites throughout the County. CAO/OHP also maintains the confidential employee medical records resulting from these evaluations. Evaluation services are provided to both applicants and County employees. Applicants and employees seeking promotional opportunities must meet the medical standards for a County position through the pre-placement medical examination process. Periodic medical monitoring is provided to County employees, pursuant to Cal/OSHA or Department of Motor Vehicle (DMV) requirements, or as part of an established wellness/fitness program. CAO/OHP medical staff reviews the evaluations and liaisons with County departments to provide medical clearance. CAO/OHP responds to the Civil Service appeal process if an evaluation is challenged.

Protection of Employee Health

CAO/OHP assesses and advises departments regarding the effects of specific health conditions or public health concerns that may impact the health and productivity of County employees. As requested by departments, CAO/OHP provides medical and psychological consultation, assessment, and development of medical screening and prevention protocols based upon current treatment guidelines for ongoing and situational needs, such as emergency preparedness responses, etc.

Drug and Alcohol Programs

CAO/OHP administers programs for the drug and alcohol testing of new hires in safety sensitive positions, truck and ambulance drivers, and high risk crafts positions, and for new hires and employees who are commercial drivers as defined by the Federal Department of Transportation (DOT). In accordance with DOT requirements, CAO/OHP coordinates pre-placement, post accident, random, and "reasonable suspicion" drug testing of County commercial drivers through a service vendor. Through the County Drug Free Workplace Program, CAO/OHP provides reasonable suspicion drug/alcohol testing, and the Employee Assistance Program (EAP) provides Countywide supervisory training for identifying and arranging such employee testing.

Medical/Psychological Re-Evaluations

If a County employee's job performance deteriorates and department management believes this deterioration may be caused by physical and emotional problems, the department may request CAO/OHP to perform an employee medical and psychological reevaluation. In such instances, CAO/OHP will consult with the department to establish the basis for the reevaluation and will assist the department develop appropriate, written documentation of the relevant job performance issues. After the reevaluation is completed, CAO/OHP may impose temporary work restrictions. Occasionally, CAO/OHP may recommend an employee's medical release from employment if the condition is deemed to be permanent.

Employee Assistance Program

CAO/OHP is the home of the County's EAP. EAP was established by the Board in 1981 to ensure all County employees and their families have access to confidential assessment, counseling, and referral services for personal issues that may impact their job performance. EAP clinicians provide departments' supervisory staff with training to recognize the existence of employee problems and to initiate appropriate referral to the EAP. In addition, the clinicians provide conflict resolution and mediation services to departments and offer a variety of other training workshops to assist County departments in developing and maintaining a productive workforce.

FY 2004-05 Accomplishments

- Responded to the medical/psychological examination needs of County departments. Table 3 provides FY 2002-03 through FY 2004-05 Occupational Health Programs output measures.

Table 3: Occupational Health Programs output measures

Service Provided	FY 2002-03	FY 2003-04	FY 2004-05
Medical Appeals	116	38	20
Medical Reevaluations	63	40	42
Preplacement exams	4,134	4,048	6,354
Periodic exams	11,166 ¹	6,291 ²	6,337 ³
Subpoenas/records requests	492	490	343
Drug/alcohol tests	1,520	1,391	1,425
Psychological reevaluations	121	103	82
Psychological appeals	88	57	55
EAP counseling sessions	907	586	570
EAP telephone sessions	1,448	897	999
EAP training sessions	147	109	138
Employees trained by EAP	4,149	2,951	4,614

Notes:

1. Includes 6,246 one-time only respirator exams
2. Includes 1,241 one-time only respirator exams.
3. Includes 605 one-time only respirator exams.

- In May 2005, issued an RFP to solicit proposals to establish a master agreement with multiple medical contractors to provide pre-placement and periodic employee medical examinations. The master agreement was presented to the Board for final approval and will replace the 16 current vendors for these services effective in January 2006.
- Hired a full-time Chief Physician (Medical Director) for CAO/OHP.
- Began evaluation of pre-placement medical examination program protocols, techniques, and procedures for improved medical efficacy and to ensure compliance with applicable Federal and State regulations. Changes in examination protocols and procedures will be implemented with the establishment of the new master medical examination agreement in January 2006.
- Began work on evaluating the current Countywide new hire and employee drug and alcohol testing programs to improve effectiveness in identifying substance abuse/misuse and preventing associated accidents, injuries, and workers' compensation claims.

FY 2005-06 Objectives

- Develop and implement web-based ordering of medical services for departments and electronic billing protocols by vendors for pre-employment and periodic testing. Web-based communications will also include contact references, forms, a resource manual for procedures, and medical protocols for clinic services.
- Develop and implement on-line supervisory training for drug-related “reasonable suspicion” to improve outreach and program compliance. The training will include pre- and post-testing to determine pass/fails.
- Increase utilization of EAP services through improved outreach programs and proactively update services to address the increase in Short Term Disability (STD) claims involving mental disorders.
- In collaboration with CAO Return-To-Work (CAO/RTW), develop and implement a shared database to replace the HEIS FORTRAN system for the tracking of medical testing results and employee work restrictions. Utilizing that technology, develop and implement new administrative processes for improved efficiencies and timely reporting.

RETURN-TO-WORK AND DISABILITY MANAGEMENT

The CAO/RMB Return-to-Work and Disability Management Programs (CAO/RTW) are primarily responsible for the following functions:

Countywide Return-to-Work Program; medical management of workers' compensation claims that includes bill review, the Medical Provider Network, and treatment review components; and, administration of the County's Short Term Disability Plan and two Long Term Disability Plans.

Return-to-Work

The Return-to-Work (RTW) Program is based upon the philosophy that many employees can safely perform productive and transitional work as part of their recovery process and that an effective RTW Program enhances the employee's well-being.

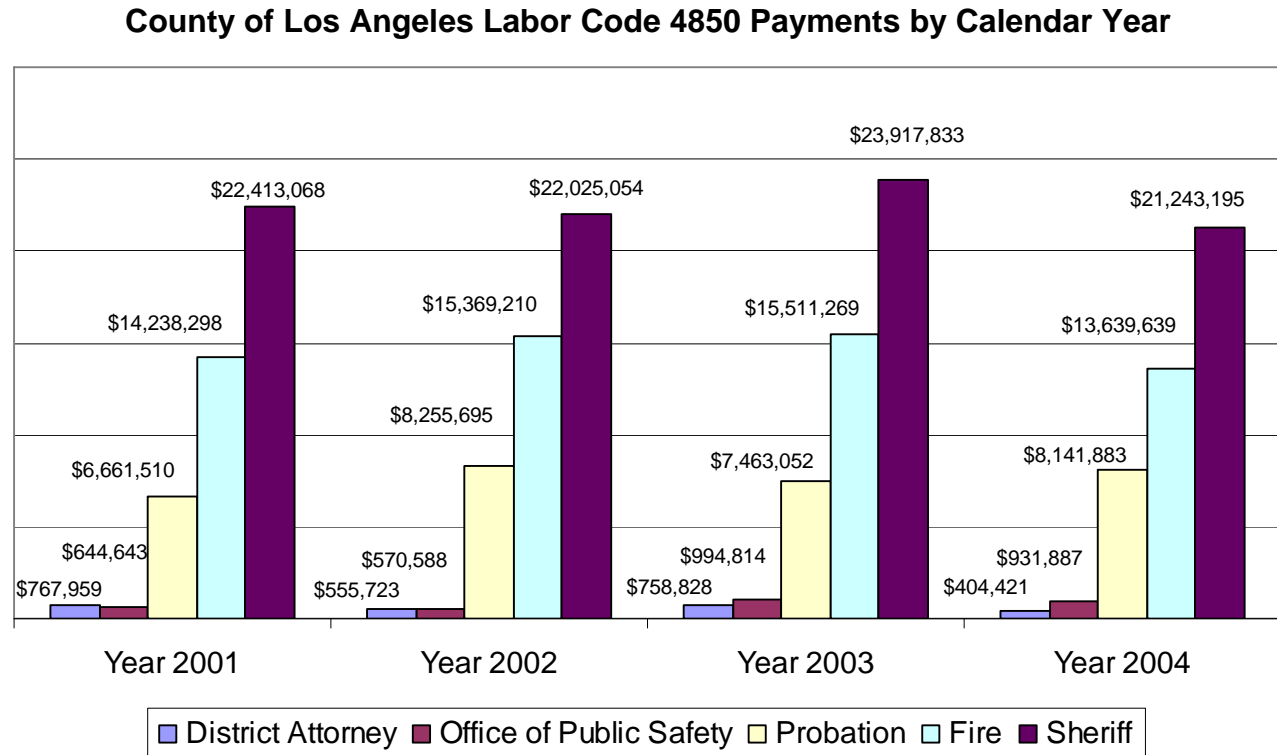
In FY 2004-05, Countywide RTW efforts included the development of an infrastructure to standardize RTW processes through a case management system. Industrial and non-industrial illnesses and injuries are part of the standardized processes. The *Return-to-Work Guide*, which includes a process of face-to-face interactive meetings with employees and managers, was developed and published. The standardized process also includes a web-based resource manual incorporating Federal, State and County leave administration policies that must be considered throughout the process. All of the RTW information is available through the internet website <http://cao.co.la.ca.us/mpn/default.htm>.

CAO/RTW offered monthly training to department RTW Coordinators to improve communications and implement RTW Program changes in compliance with State SB 899 reforms. During the training, updated supervisor, employee and new medical provider packets were provided. These packets communicate the revised process and RTW standards. During FY 2004-05, over 34 supervisory and management training sessions were offered. CAO/RTW worked closely with the Department of Health Services (DHS) to assist them with the implementation of a DHS central RTW function. Additional resources, including ten technical training sessions, were provided to support that endeavor.

Effectiveness of the RTW Program can be measured through cost avoidance of salary continuation and Labor Code 4850 payments. A direct correlation exists with regard to RTW efforts offsetting the cost of those payments by reducing the duration of payments. In addition, State SB 899 provides for the reduction of the amount of permanent disability payments by 15% when certain job offer criteria are met.

During FY 2004-05, the County paid permanent disability benefits of \$62,281,955 and temporary disability benefits of \$30,222,992 for disabilities caused by industrial injuries and accidents.

Figure 9: Labor Code 4850 payments by calendar year



Source: Auditor-Controller

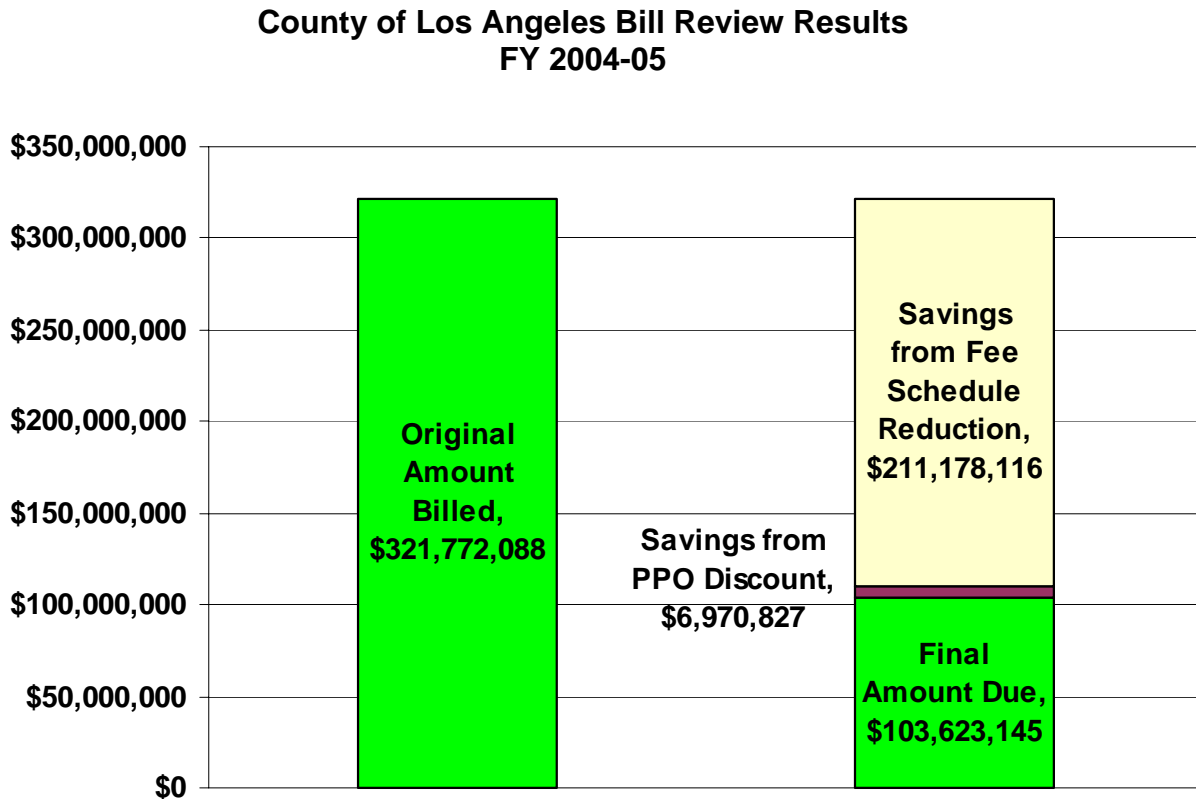
Improved monitoring of work restriction timeliness increased the number of job offers for transitional, modified, or temporary positions. During the first six months of the enhanced monitoring program, over 1,180 work restrictions were processed and reviewed for quality standards of timeliness and content. During FY 2004-05, 922 work hardening (voluntary reporting) opportunities were created by department RTW Coordinators for a minimum cost avoidance of \$6,167,201.

Medical Management

CAO/RTW is responsible for workers' compensation medical management. Medical management has been an integral part of the County's workers' compensation program since 1998. Arising from the 2004 workers' compensation reforms, a new medical management component is the establishment of a MPN. A MPN is a group of medical providers that provide treatment for occupational injuries in compliance with mandatory medical guidelines, access standards, and offer services at discounted rates. A MPN assures medically-based treatment of occupational injuries and that treating physicians are competent to treat specific work-related illnesses or injuries.

CAO/RTW anticipates achieving further cost avoidance by improving medical management processes and implementing further discounted rates for medical treatment. In a collaborative effort with industry professionals to comply with the new State workers' compensation treatment guidelines, utilization review standards were updated to monitor the quantity and quality of medical treatments. In January 2005, a County MPN was authorized under State SB 899; however, the State initiated six regulation changes which will prevent implementation until February 1, 2006. During this past year, over 366,912 medical provider bills were processed for the County. The initial charge of \$321,772,088 was reduced by \$211,178,116 (66%) pursuant to the California Official Medical Fee Schedule (Fee Schedule) and further reduced by the Preferred Provider Organization (PPO) discount for industrial medical services by \$6,970,827 (6% from Fee Schedule). The amount paid was only 32% of the "as billed" amount, or \$103,623,145.

Figure 10: Bill review results



As the County's MPN is implemented, projected annual savings are expected to increase due to the increased number of services provided through the MPN subject to discounted PPO rates. The current PPO penetration is less than 30% of medical services. As the MPN is fully implemented, the expected penetration rate should increase to over 60%.

FY 2005-06 Objectives

- CAO/RTW will continue to implement workers' compensation reform through the County MPN and evidenced-based application of medical treatment monitored through utilization review.
- A confidential RTW database is being developed to track all employee work restrictions issued either through workers' compensation, CAO/OHP, or through the employee's health care provider. Non-confidential information will be available to departmental RTW Coordinators.
- Systematically direct treatment of all work-related injuries for employees and retirees toward the MPN to take full advantage of the Fee Schedule and discounted PPO rates.
- Through the implementation of the MPN, improve quality services of MPN providers through utilization review, performance tracking, and bill review systems, including continued training of medical providers.
- Continue outreach to departments by offering technical training to RTW Coordinators, supervisors and managers.
- Continue to develop and offer RTW shared services for smaller departments with a minimal case load.
- Develop and recommend to the Board the adoption of a Countywide RTW Program and mandatory participation by departments. The RTW Program will include interdepartmental transfers to increase RTW opportunities for employees.

Disability Management

Disability management consists of STD and Long Term Disability (LTD) Plans, and includes managing a claims TPA, advising departments and employees, financial management for these self-insured programs, and developing and implementing best practice standards. Monthly meetings are held with the TPA to review claims processes and solve problems.

During FY 2004-05, the STD Plan was enhanced to reduce the number of employee options and change the eligibility requirements for recurring disabilities. The STD Plan design change will be effective January 1, 2006.

The County's STD and LTD Plans are affected by internal department leave policies that provide compensation for time away from work. Accrual of leave and salary continuation based on the time injured employees are out of the workforce is also influenced by the employees' workers' compensation claim activity, seniority, employees' capacity to work, and outside economic influences.

RTW salary savings for STD during the 4th quarter were 71.7% higher (an all-time high of 3,699 hours) than last year's 4th quarter results. The STD claims increased primarily due to pregnancy and mental health disorders. Mental disorder claims increased to 55 claims, representing 11.4% of the total claims. Pregnancy consists of 27.5% of claims, while occupational disability consists of 12.2% of the total number of claims.

Figure 11: Short Term Disability claims approved by diagnosis category

**County of Los Angeles Short Term Disability Claims Approved by Diagnosis Category
FY 2004-05**

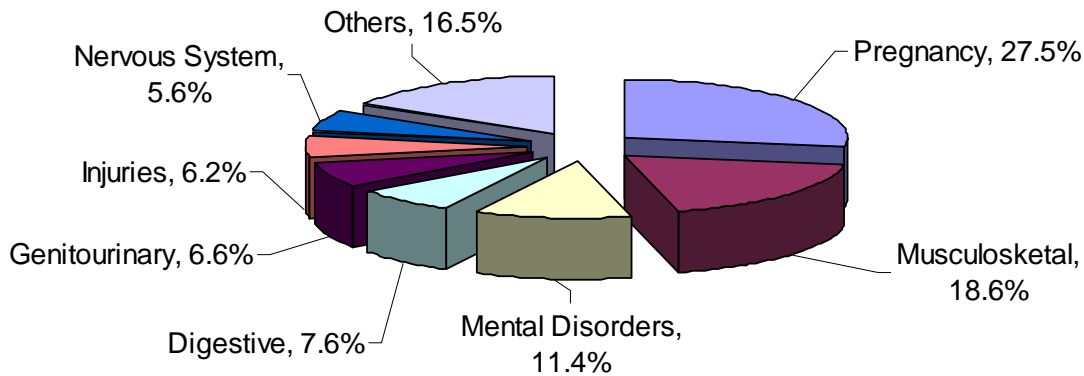


Table 4: Short Term Disability performance measures

STD Plan Components	FY 2002-03	FY 2003-04	FY 2004-05
Claims Approved	412	457	484
Average Claim Duration	12 weeks	12 weeks	11.6 weeks
Return-to-Work Savings ¹	NA	5,488 hrs	7,368 hrs
Claim Expenses	\$3,651,539	\$4,266,608	\$4,430,668

Note:

1. Initiated in FY 2003-04.

The LTD Plan was enhanced through the development of a master list of hearing officers qualified for LTD hearings. This master list will facilitate a more timely hearing response to outstanding issues.

This past year, an LTD fraud component was developed and subsequently implemented through the County's TPA. For an LTD applicant to receive LTD benefits to age 65, the applicant must submit verification of income by providing Internal Revenue Service tax returns and certification of ongoing disability. This and other pertinent data are systematically reviewed by the TPA.

During FY 2004-05, LTD claims increased because of increased and effective communication with employees through an automated notification system based upon employee leave data. The CAO does not anticipate an additional increase in the frequency of LTD claims after this backlog is addressed. The frequency of medical separation and increased number of Retirement Plan E (Plan E) participants may increase claim frequency in future years. The frequency of medical separation for total disability increased from 65 in FY 2003-04 to 82 in FY 2004-05. Disabled employees in Plan E rely upon LTD for income replacement until age 65.

Table 5: Long Term Disability performance measures

LTD Plan Components	FY 2002-03	FY 2003-04	FY 2004-05
Claims Approved	612	599	828
Average Number of Open Claims	2,232	2,352	2,556
Amount of LTD Payments	\$23,807,593	\$26,018,319	\$28,425,660

FY 2005-06 Objectives

- Provide training to new LTD hearing officers.
- Implement the new STD Plan and train County departments and TPAs with regard to eligibility standards for the STD and LTD Plans.
- Update and distribute employee communication materials to reflect revised policies with regard to STD Plan benefits.

RISK MANAGEMENT OPERATIONS

The CAO/RMB Risk Management Operations Section (CAO/RMO) is responsible for the following risk management programs and functions:

- County Commercial Insurance Program
- Risk Management Information System (RMIS)
- Workers' Compensation Information System (WCIS)
- Insurance Budget (departmental coordination)
- CAO/RMB Contracts Administration Program
- Indemnification and insurance language review and approval
- Self-insurance certifications
- Administrative services support to CAO/RMB
- Ad hoc and special studies and reports
- Risk Management Advisory Committee administration

FY 2004-05 Accomplishments

- Maintained all commercial insurance programs without a lapse in coverage.
- Renewed RMIS contract with Risk Technologies, Inc. (RTI) for one year beginning January 1, 2005, including an increase in total contract amount to pay for enhancements and upgrades to RMIS, to better respond to County risk management information needs.
- Implemented RMIS procedures for successful July 1, 2005, eCAPS implementation.
- Implemented RMIS/eCAPS 1099 tax reporting capability.
- Assisted County Counsel with development of drafts of RMIS enhancement work orders (to be implemented in FY 2005-06 and subsequent fiscal years).
- Provided year-round training to RMIS users.
- Worked closely with the Auditor-Controller (eCAPS staff) to coordinate GenComp vendor payment files for payment through eCAPS.
- Produced and maintained the County's FY 2004-05 Insurance Budget.
- Produced County certificates of self-insurance for County departments.
- Maintained the Internal Services Department database and County's Contracting Monitoring System, including the updating of annual contract reports and monthly expenditures for active agreements.

- Reviewed and approved indemnification and insurance language for County contracts and Board letters, and conducted training for departmental contract analysts and other staff regarding contracted risk management and related insurance issues.
- Assisted with CAO/RMB administrative functions such as personnel transactions, branch reorganization effort, and space and equipment needs.

FY 2005-06 Objectives

- To maintain all commercial insurance programs with no break in coverage, and to timely renew all broker services agreements (ongoing).
- To continue providing technical assistance to departments with unique insurance requirements/issues (ongoing).
- To develop and implement a WCIS work order to continue GenComp services for another year.
- To renew the RMIS vendor contract for another year beginning April 2006.
- To implement work orders to enhance and upgrade RMIS, improve data integrity, produce RMIS reports, and better respond to departmental risk management informational needs.
- To train the ever-increasing large number of RMIS users (ongoing).
- To expeditiously respond to Workers' Compensation Program inquiries by the Board, the press, and others through the use of GenComp (as needed).
- To meet all deadlines and requirements in producing and maintaining the FY 2005-06 Insurance Budget (ongoing).
- To timely renew existing contracts and administer new contracts, with no retroactive contracts (as needed).
- To maintain County contract reporting requirements and to maintain the CAO/RMB central contracts files (ongoing).
- To provide County self-insurance certificates, review and approve contract and Board letter indemnification and insurance language, and to provide timely training and technical assistance to departments relative to insurance contractual risk management and related issues.
- To provide effective administrative services to the CAO and County Risk Manager (as needed).
- To develop a process for validation of workers' compensation vendors' names and tax identification numbers to assure timely payments of invoices.

PERFORMANCE COUNTS!

Table 6: County FY 2004-05 CAO/RMB *Performance Counts!* program performance measures

Performance Measures ¹	Actual FY 2002-03	Actual FY 2003-04	Actual FY 2004-05	Projected FY 2005-06
Indicators				
Liability loss and adjustment expenses as a percent of total County operating expenditures	0.54%	0.41%	0.38%	0.40%
Workers' compensation loss and adjustment expenses as a percent of the total County operating expenditures	1.87%	2.04%	1.67%	1.70%
Percent of requests for medical reevaluations that occur within the first two years of employment	-- ²	0.027%	0.086%	0.080%
Percent increase/decrease of California Occupational Safety and Health Administration citations regarding occupational hazard based on a three-year calendar rolling average	-- ²	-18.8%	-27.6%	-10.0%
Percent increase/decrease in employees placed in transitional work hardening assignments	62.7%	12.5%	23.4%	10.0%
Operational Measures				
Number of training sessions for departmental Risk Management Coordinators	-- ³	4	4	4
Number of workers' compensation open claims	24,094	25,736	24,526	25,000
Number of pre-placement examinations	4,134	4,048	6,354	6,400
Number of loss control and prevention consultations provided to County departments to identify risk mitigation and control opportunities	267	568	579	600
Number of Return-to-Work training sessions conducted for line supervisors	14	18	44	60

Notes:

1. The CAO Risk Management Branch is a new organization, and, to date, is not yet fully staffed and continues to initiate final reorganization efforts. As a result, risk management initiatives to improve risk management programs' results have either only recently begun or are soon to be implemented. Therefore, improvements in the performance of risk management programs will be more apparent in future fiscal years.
2. Data were not previously tracked.
3. Training sessions began in FY 2003-04.

STATISTICS

Total Cost Paid – All Claims.....	Exhibit A
Total Cost of Risk	Exhibit B
Total All Claims Count and Cost Summary.....	Exhibit C
Total Number of Claims Filed.....	Exhibit D
Vehicle Liability Loss Summary.....	Exhibit E
General Liability Loss Summary.....	Exhibit F
Medical Malpractice Loss Summary.....	Exhibit G
Workers' Compensation Loss Summary.....	Exhibit H

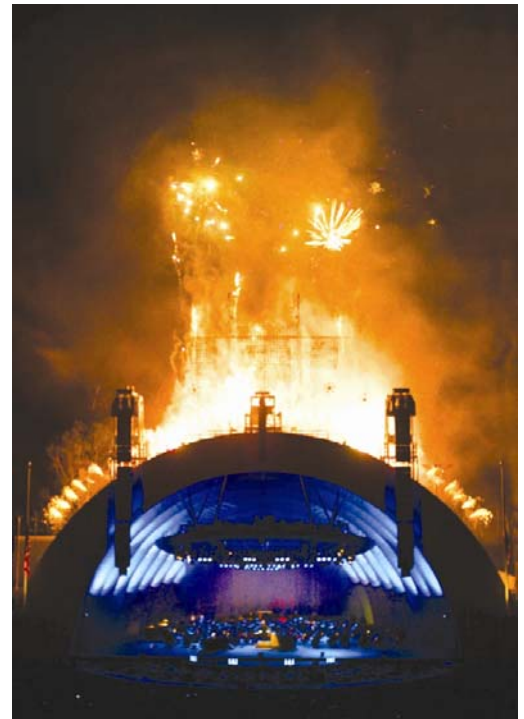


Exhibit A: Fiscal year comparison of total cost paid, regardless of date of occurrence

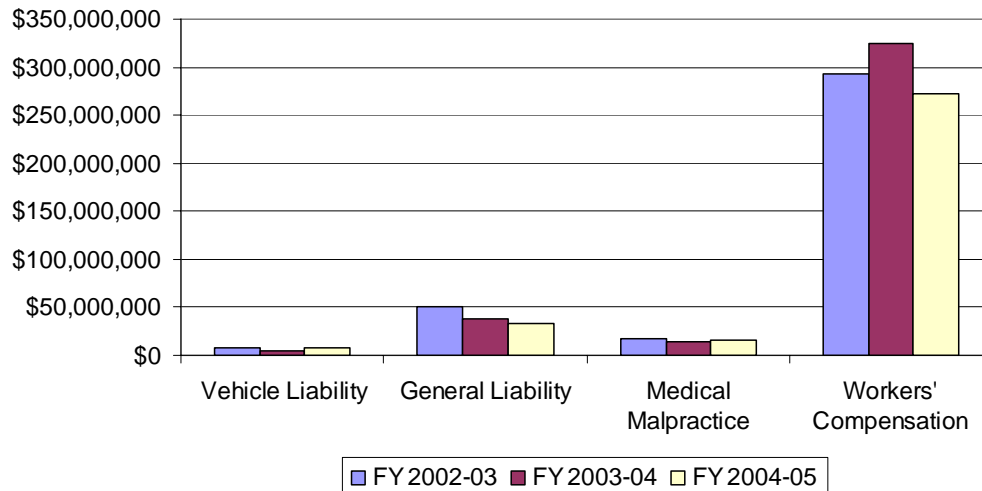
**County of Los Angeles Total Cost Paid – All Claims
FY 2002-03 through FY 2004-05**

FY	Cost ^{1,2}	Vehicle Liability	General Liability	Medical Malpractice	Workers' Compensation ⁴	Grand Total
FY 2002-03	Amount Paid ³	\$7,258,539	\$50,991,695	\$17,371,927	\$293,006,526	\$368,628,687
FY 2003-04	Amount Paid ³	\$4,913,956	\$38,000,915	\$14,657,086	\$324,414,785	\$381,986,742
FY 2004-05	Amount Paid ³	\$7,882,873	\$33,747,219	\$16,181,397	\$272,735,278	\$330,546,767

Notes:

1. Data do not include unemployment costs.
2. Data include pending and non-jurisdictional departments, but do not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information includes County Counsel tort claims.
3. Amount Paid is the total of the transactions paid by coverage code in the fiscal year; amount includes indemnity, legal fees and expenses, regardless of occurrence date; does not include RBNP or IBNR reserves.
4. Workers' compensation paid does not reflect salary continuation or Labor Code 4850 claim payments.

**County of Los Angeles Annual Costs by Coverage
FY 2002-03 through FY 2004-05**



**Total Costs by Coverage
FY 2004-05**

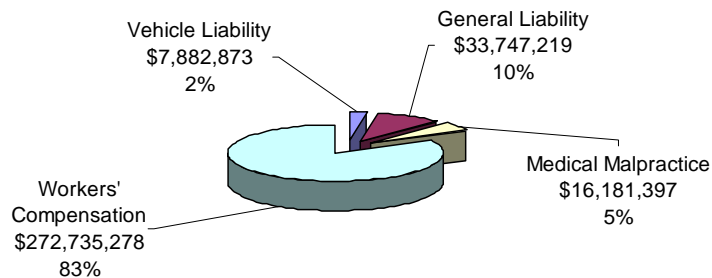
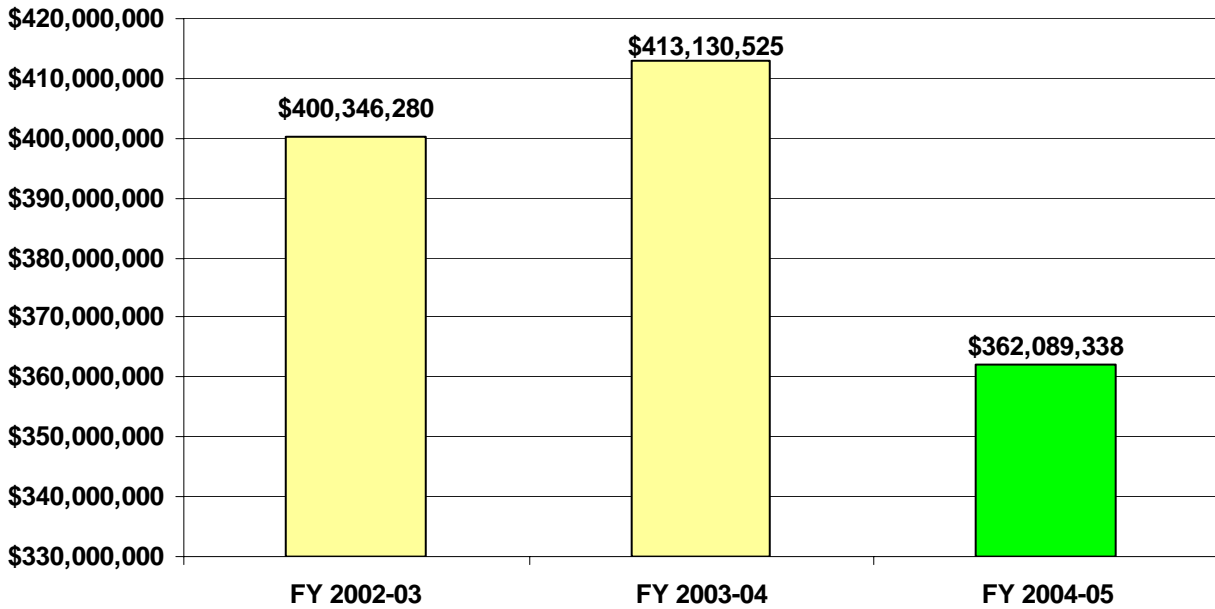


Exhibit B: County fiscal year comparison of total Cost of Risk¹, regardless of date of occurrence

**County of Los Angeles Total Cost of Risk
FY 2002-03 through FY 2004-05**



Note:

1. Cost of Risk is the total of: (1) Claims and premiums and (2) other costs, as stated in the Cost of Risk table (Annual Report, Executive Summary Page 6).

Exhibit C: All claims count and cost summary

**County of Los Angeles All Claims Count and Cost Summary
FY 2002-03 through FY 2004-05**

Department	FY 2002-03		FY 2003-04		FY 2004-05	
	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}
Administrative Officer	12	\$1,108,030	12	\$1,034,959	12	\$1,105,876
Affirmative Action	4	\$11,531	7	\$1,854	2	\$70,210
Agricultural Commissioner/Weights and Measures	61	\$1,278,685	98	\$939,319	77	\$754,359
Alternate Public Defender	5	\$112,381	6	\$113,688	10	\$277,419
Animal Care and Control	104	\$405,858	110	\$693,400	98	\$1,481,623
Assessor	58	\$1,306,473	53	\$1,732,865	45	\$1,358,454
Auditor-Controller	48	\$609,132	93	\$558,234	82	\$400,680
Beaches and Harbors	40	\$481,650	44	\$766,233	37	\$530,935
Board of Supervisors	47	\$3,278,806	40	\$598,999	45	\$526,301
Chief Information Officer	0	\$0	2	\$6,117	0	\$7,343
Child Support Services	156	\$3,122,112	165	\$3,772,598	137	\$3,517,945
Children and Family Services	770	\$20,075,529	635	\$21,290,777	553	\$15,708,046
Community and Senior Services	26	\$873,535	26	\$814,911	28	\$1,026,057
Consumer Affairs	3	\$42,147	8	\$33,268	4	\$51,339
Coroner	49	\$557,202	53	\$1,035,723	57	\$659,102
County Counsel	269	\$1,044,137	22	\$1,639,994	22	\$1,135,650
District Attorney	202	\$7,203,721	138	\$6,232,893	142	\$5,895,615
Fire	1,739	\$33,075,001	1,665	\$34,818,749	1,478	\$33,163,489
Health Services	2,523	\$74,281,811	2,280	\$77,475,886	2,046	\$66,853,909
Human Relations Commission	1	\$794	1	\$2,131	0	\$346
Human Resources	158	\$4,733,035	158	\$5,456,533	93	\$4,141,859
Internal Services	256	\$6,498,963	245	\$6,295,703	241	\$5,733,928
LACERA	9	\$281,861	14	\$362,922	14	\$346,376
Mental Health	259	\$4,070,747	187	\$5,501,444	210	\$4,248,054
Military and Veterans Affairs	1	\$23,013	4	\$58,974	3	\$48,055
Museum of Art	12	\$230,861	8	\$213,594	9	\$121,364
Museum of Natural History	4	\$79,726	12	\$96,433	9	\$213,826
Non-Jurisdictional	212	\$236,288	347	\$179,130	352	\$213,961
Ombudsman	0	\$0	0	\$0	1	\$0
Parks and Recreation	341	\$3,776,807	276	\$4,155,804	294	\$3,748,225
Pending Assignment	15	\$32,645	12	\$56,544	6	\$2,155
Probation	766	\$20,397,801	844	\$23,280,186	722	\$19,811,689
Public Defender	61	\$1,632,595	76	\$1,109,722	74	\$1,712,589
Public Library	64	\$852,008	49	\$813,725	54	\$1,400,359
Public Social Services	1,154	\$28,478,524	1,020	\$34,669,273	1,025	\$29,086,900
Public Works	1,362	\$14,839,116	1,164	\$10,555,029	1,253	\$10,364,250
Regional Planning	9	\$58,077	9	\$142,892	2	\$90,932
Registrar-Recorder/County Clerk	90	\$1,311,167	89	\$1,514,112	89	\$1,295,097
Sheriff	5,605	\$119,727,266	5,861	\$120,739,356	5,211	\$102,021,772
Superior Court	355	\$11,606,755	343	\$12,462,004	299	\$10,804,724
Treasurer and Tax Collector	41	\$892,899	45	\$760,761	41	\$615,956
Total	16,891	\$368,628,687	16,221	\$381,986,742	14,877	\$330,546,767

Notes:

1. Amount Paid is the total of the transactions paid by coverage code in the fiscal year plus amounts paid for workers' compensation from the WCTF report. Amount Paid includes indemnity, legal fees and expenses. Does not include RBNP or IBNR reserves. Workers' compensation paid does not reflect salary continuation or Labor Code 4850 claim payments. Data do not include unemployment costs, regardless of occurrence date.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information does include County Counsel tort files. County Counsel expenditures are included.
3. Amounts valued as of June 30, 2005.

**County of Los Angeles Percentage of All Claims Cost Paid by Department
FY 2004-05**

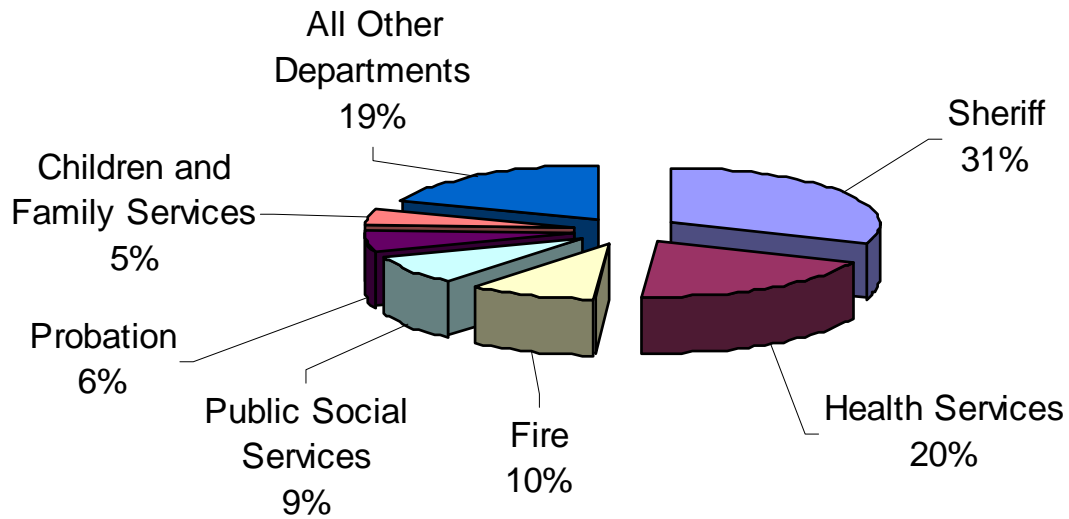


Exhibit D: Fiscal year comparison of claims filed by type

**County of Los Angeles Total Number of Claims Filed
FY 2002-03 through FY 2004-05**

Claim Type^{1,2}	FY 2002-03	FY 2003-04	FY 2004-05
Vehicle Liability	996	968	944
General Liability	3,375	3,227	3,010
Medical Malpractice	588	536	447
Workers' Compensation	11,932	11,490	10,476
Grand Total	16,891	16,221	14,877

Notes:

1. Total number of open claims by fiscal year regardless of date of occurrence.

2. Includes County Counsel tort claims, but not non-County agencies, i.e. MTA, Foothill Transit, etc.

**County of Los Angeles Total Number of Claims Filed
FY 2002-03 through FY 2004-05**

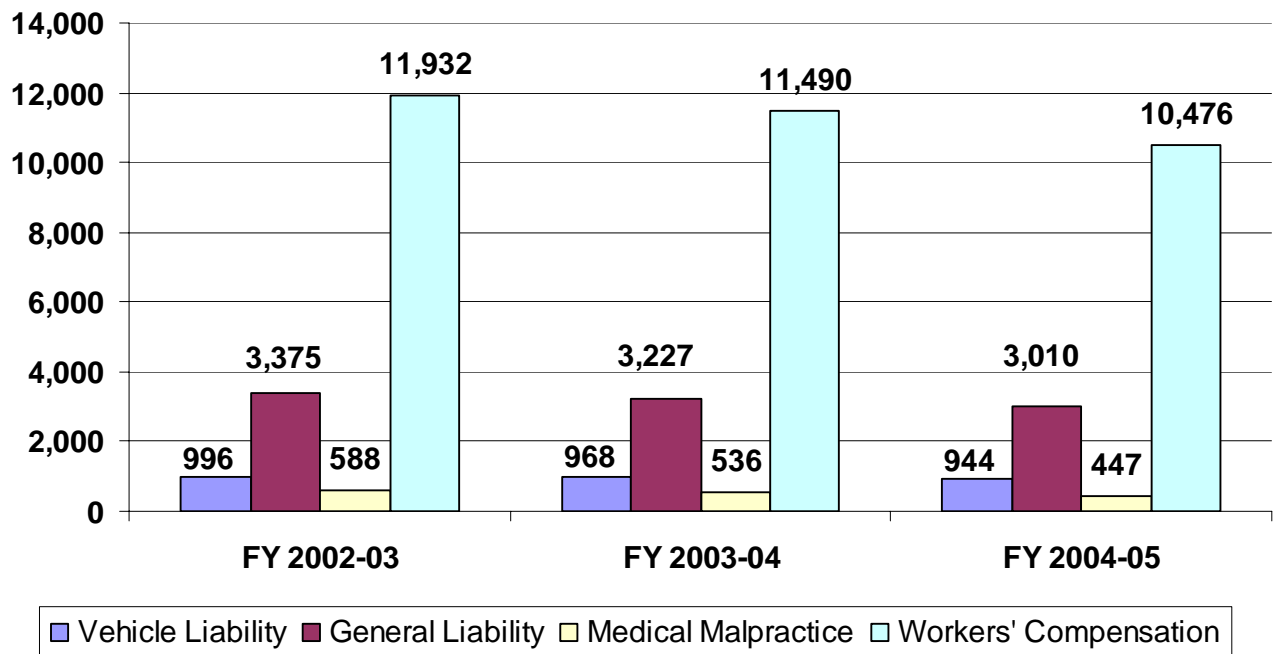


Exhibit E: Fiscal year comparison of vehicle liability claims and cost

**County of Los Angeles Vehicle Liability Loss Summary
FY 2002-03 through FY 2004-05**

Department	FY 2002-03		FY 2003-04		FY 2004-05	
	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}
Administrative Officer	0	\$2,989	0	\$234	0	\$435
Affirmative Action	0	\$0	0	\$0	0	\$0
Agricultural Commissioner/Weights and Measures	15	\$14,726	17	\$16,419	10	\$53,761
Alternate Public Defender	1	\$35	1	\$2,392	1	\$7,739
Animal Care and Control	7	\$15,099	20	\$52,010	3	\$673,708
Assessor	6	\$1,513	6	\$23,037	4	\$13,075
Auditor-Controller	0	\$0	2	\$0	2	\$10,602
Beaches and Harbors	5	\$20,266	1	\$490	3	\$799
Board of Supervisors	9	\$8,233	7	\$4,059	5	\$9,315
Chief Information Officer	0	\$0	0	\$0	0	\$0
Child Support Services	4	\$12,530	0	\$0	2	\$2,712
Children and Family Services	62	\$298,587	57	\$268,194	55	\$159,555
Community and Senior Services	2	\$0	4	\$721	4	\$10,714
Consumer Affairs	0	\$0	0	\$0	0	\$0
Coroner	1	\$1,111	3	\$10,861	4	\$8,609
County Counsel	0	\$678	1	\$0	2	\$309
District Attorney	24	\$138,510	6	\$127,227	10	\$49,524
Fire	123	\$467,476	110	\$542,190	117	\$1,182,343
Health Services	31	\$399,989	38	\$1,146,091	36	\$119,972
Human Relations Commission	0	\$0	0	\$0	0	\$0
Human Resources	3	\$17,456	9	\$60,549	0	\$129,283
Internal Services	44	\$81,951	45	\$112,752	54	\$248,334
LACERA	0	\$0	0	\$0	0	\$0
Mental Health	13	\$19,425	9	\$21,711	28	\$90,750
Military and Veterans Affairs	0	\$0	0	\$0	0	\$0
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	0	\$0	0	\$0	0	\$0
Non-Jurisdictional	53	\$14,958	75	\$12,793	71	\$6,898
Ombudsman	0	\$0	0	\$0	0	\$0
Parks and Recreation	25	\$29,617	24	\$79,956	22	\$795,221
Pending Assignment	11	\$1,247	6	\$400	2	\$35
Probation	21	\$116,541	18	\$65,002	16	\$78,548
Public Defender	2	\$5,000	2	\$1,994	4	\$15,008
Public Library	1	\$705	1	\$685	10	\$7,076
Public Social Services	20	\$103,664	20	\$143,363	7	\$151,000
Public Works	112	\$344,273	106	\$232,447	150	\$415,895
Regional Planning	0	\$0	1	\$3,253	0	\$0
Registrar-Recorder/County Clerk	4	\$2,993	3	\$6,222	10	\$16,998
Sheriff	394	\$5,138,966	376	\$1,978,905	312	\$3,624,655
Superior Court	2	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	1	\$0	0	\$0	0	\$0
Total	996	\$7,258,539	968	\$4,913,956	944	\$7,882,873

Notes:

1. Amount Paid is the total of the transactions paid vehicle liability claims and lawsuits in the fiscal year; amount includes indemnity, legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts do not include non-insured and non-third party vehicle losses which are directly paid by the departments. Amounts valued as of June 30, 2005.

**County of Los Angeles Percentage of Vehicle Liability Cost Paid by Department
FY 2004-05**

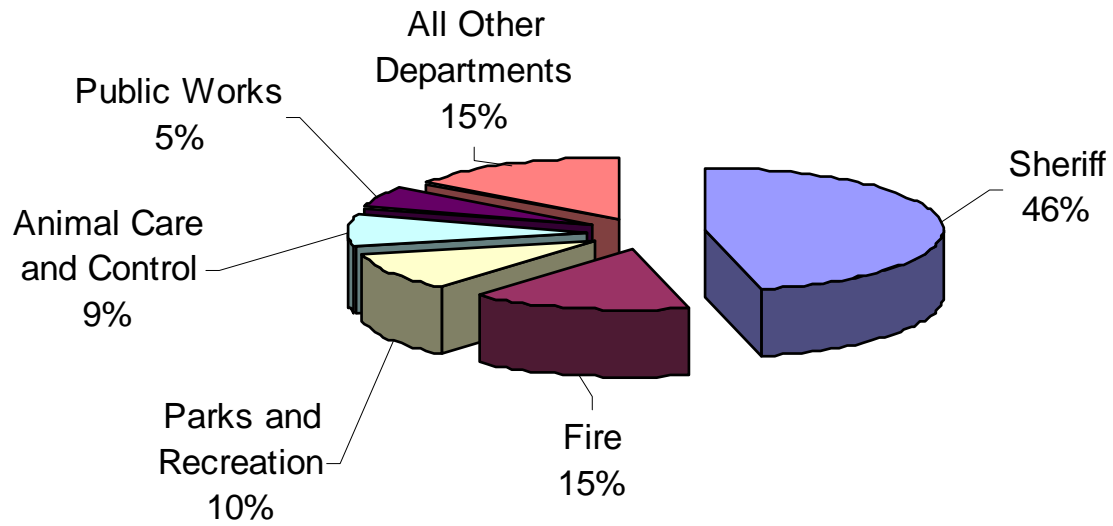


Exhibit F: Fiscal year comparison of general liability claims and cost

**County of Los Angeles General Liability Loss Summary
FY 2002-03 through FY 2004-05**

Department	FY 2002-03		FY 2003-04		FY 2004-05	
	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}
Administrative Officer	6	\$510,142	4	\$498,098	2	\$767,689
Affirmative Action	3	\$9,420	1	\$146	0	\$342
Agricultural Commissioner/Weights and Measures	14	\$20,263	42	\$4,701	32	\$121,737
Alternate Public Defender	2	\$29,050	3	\$22,629	2	\$179,574
Animal Care and Control	13	\$36,705	5	\$37,101	14	\$42,333
Assessor	7	\$17,027	7	\$6,707	5	\$29,094
Auditor-Controller	31	\$132,785	75	\$70,198	60	\$12,034
Beaches and Harbors	14	\$96,210	19	\$218,418	10	\$50,278
Board of Supervisors	25	\$2,939,737	21	\$313,143	27	\$338,213
Chief Information Officer	0	\$0	1	\$1,761	0	\$352
Child Support Services	23	\$228,423	41	\$351,541	39	\$158,079
Children and Family Services	142	\$3,178,171	158	\$3,794,360	121	\$2,373,488
Community and Senior Services	5	\$190,511	7	\$63,634	5	\$332,928
Consumer Affairs	1	\$76	1	\$1,515	2	\$17,855
Coroner	2	\$14,023	2	\$10,335	10	\$4,953
County Counsel	252	\$675,481	10	\$1,054,012	5	\$612,035
District Attorney	68	\$718,783	46	\$587,165	54	\$1,128,111
Fire	57	\$480,575	122	\$383,816	38	\$601,403
Health Services	218	\$4,778,925	166	\$3,790,633	172	\$2,858,179
Human Relations Commission	0	\$0	0	\$0	0	\$0
Human Resources	11	\$1,328,807	5	\$1,332,439	14	\$691,482
Internal Services	24	\$174,364	36	\$340,327	43	\$344,946
LACERA	0	\$0	0	\$0	0	\$0
Mental Health	27	\$555,559	20	\$699,617	16	\$518,350
Military and Veterans Affairs	0	\$0	0	\$0	0	\$0
Museum of Art	3	\$30,136	4	\$45,793	3	\$84
Museum of Natural History	0	\$19,842	6	\$2,637	3	\$44,332
Non-Jurisdictional	129	\$209,070	255	\$165,471	260	\$205,856
Ombudsman	0	\$0	0	\$0	0	\$0
Parks and Recreation	81	\$270,497	63	\$512,345	62	\$328,372
Pending Assignment	4	\$31,397	6	\$56,144	4	\$2,120
Probation	62	\$1,128,199	46	\$1,435,915	31	\$1,285,304
Public Defender	23	\$416,528	35	\$170,074	17	\$638,376
Public Library	3	\$14,942	5	\$15,043	3	\$392,973
Public Social Services	39	\$231,071	38	\$562,237	33	\$265,297
Public Works	887	\$7,607,891	734	\$3,552,193	798	\$4,084,531
Regional Planning	5	\$12,565	4	\$87,384	0	\$53,839
Registrar-Recorder/County Clerk	17	\$152,895	9	\$377,698	12	\$273,210
Sheriff	1,161	\$24,455,656	1,211	\$17,337,212	1,098	\$14,955,231
Superior Court	3	\$114,998	1	\$74,147	0	\$21,950
Treasurer and Tax Collector	13	\$180,971	18	\$24,326	15	\$12,290
Total	3,375	\$50,991,695	3,227	\$38,000,915	3,010	\$33,747,219

Notes:

1. Amount Paid is the total of the transactions paid for liability claims and lawsuits in the fiscal year; amount includes indemnity, legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2005.

**County of Los Angeles Percentage of General Liability Cost Paid by Department
FY 2004-05**

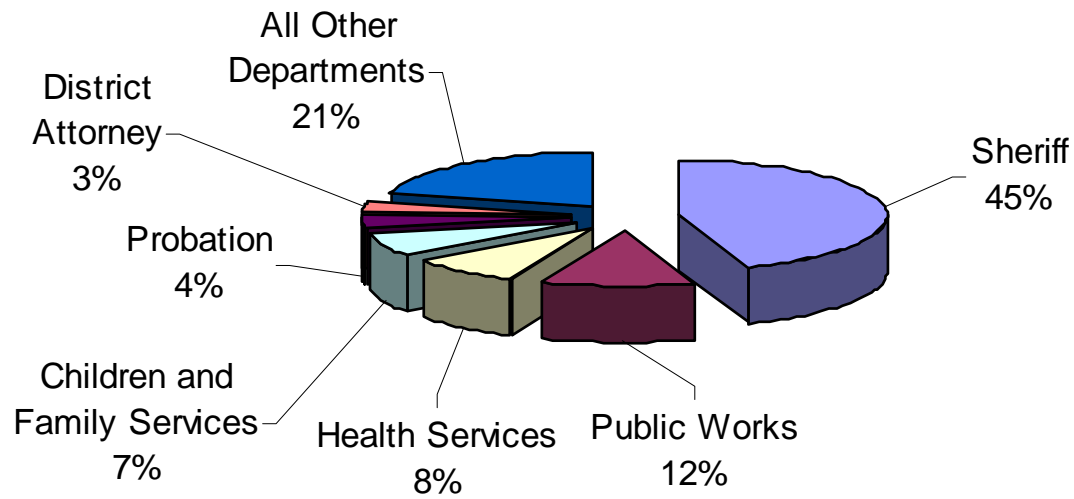


Exhibit G: Fiscal year comparison of medical malpractice liability claims and cost

**County of Los Angeles Medical Malpractice Loss Summary
FY 2002-03 through FY 2004-05**

Department	FY 2002-03		FY 2003-04		FY 2004-05	
	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}
Children and Family Services	3	\$11,023	5	\$100,482	1	\$117,331
Coroner	7	\$46,620	20	\$63,295	10	\$24,377
County Counsel	0	\$75	0	\$0	0	\$0
District Attorney	0	\$0	0	\$0	2	\$53
Fire	14	\$12,983	14	\$130,579	5	\$205,979
Health Services	429	\$15,713,133	348	\$13,081,374	360	\$14,382,988
Human Resources	1	\$28,159	0	\$23,058	0	\$14,914
Mental Health	24	\$57,056	25	\$132,258	11	\$84,330
Non-Jurisdictional	30	\$12,261	17	\$865	21	\$1,207
Probation	1	\$4,280	2	\$30,713	0	\$139,947
Public Social Services	2	\$0	2	\$293	0	\$178
Sheriff	77	\$1,486,337	103	\$1,094,168	37	\$1,210,095
Total	588	\$17,371,927	536	\$14,657,086	447	\$16,181,397

Notes:

1. Amount Paid is the total of the transactions paid for medical malpractice claims and lawsuits in the fiscal year; amount includes indemnity, legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information includes County Counsel tort files. Amounts valued as of June 30, 2005.

**County of Los Angeles Percentage of Medical Malpractice Cost Paid by Department
FY 2004-05**

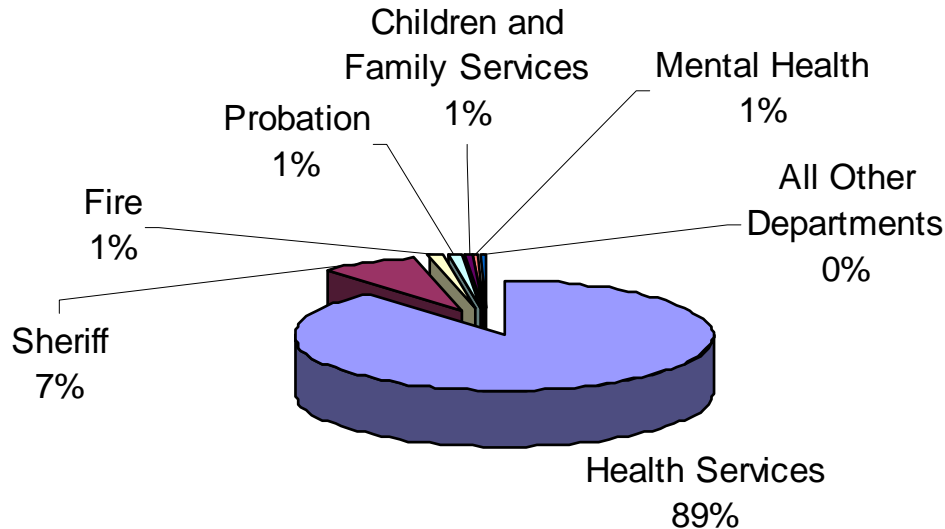


Exhibit H: Fiscal year comparison of workers' compensation claims and cost

County of Los Angeles Workers' Compensation Loss Summary
FY 2002-03 through FY 2004-05

Department	FY 2002-03		FY 2003-04		FY 2004-05	
	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid ^{1,2}
Administrative Officer	6	\$594,900	8	\$536,626	10	\$337,752
Affirmative Action	1	\$2,110	6	\$1,708	2	\$69,868
Agricultural Commissioner/Weights and Measures	32	\$1,243,696	39	\$918,199	35	\$578,861
Alternate Public Defender	2	\$83,295	2	\$88,668	7	\$90,106
Animal Care and Control	84	\$354,054	85	\$604,289	81	\$765,583
Assessor	45	\$1,287,933	40	\$1,703,121	36	\$1,316,284
Auditor-Controller	17	\$476,347	16	\$488,036	20	\$378,045
Beaches and Harbors	21	\$365,174	24	\$547,325	24	\$479,859
Board of Supervisors	13	\$330,836	12	\$281,797	13	\$178,773
Chief Information Officer	0	\$0	1	\$4,356	0	\$6,991
Child Support Services	129	\$2,881,158	124	\$3,421,056	96	\$3,357,154
Children and Family Services	563	\$16,587,748	415	\$17,127,741	376	\$13,057,672
Community and Senior Services	19	\$683,024	15	\$750,557	19	\$682,415
Consumer Affairs	2	\$42,071	7	\$31,754	2	\$33,485
Coroner	39	\$495,448	28	\$951,232	33	\$621,163
County Counsel	17	\$367,903	11	\$585,982	15	\$523,306
District Attorney	110	\$6,346,427	86	\$5,518,501	76	\$4,717,926
Fire	1,545	\$32,113,966	1,419	\$33,762,165	1,318	\$31,173,765
Health Services	1,845	\$53,389,766	1,728	\$59,457,787	1,478	\$49,492,770
Human Relations Commission	1	\$794	1	\$2,131	0	\$346
Human Resources	143	\$3,358,613	144	\$4,040,487	79	\$3,306,180
Internal Services	188	\$6,242,648	164	\$5,842,625	144	\$5,140,649
LACERA	9	\$281,861	14	\$362,922	14	\$346,376
Mental Health	195	\$3,438,707	133	\$4,647,858	155	\$3,554,625
Military and Veterans Affairs	1	\$23,013	4	\$58,974	3	\$48,055
Museum of Art	9	\$200,725	4	\$167,801	6	\$121,279
Museum of Natural History	4	\$59,884	6	\$93,797	6	\$169,494
Non-Jurisdictional	0	\$0	0	\$0	0	\$0
Ombudsman	0	\$0	0	\$0	1	\$0
Parks and Recreation	235	\$3,476,693	189	\$3,563,503	210	\$2,624,631
Pending Assignment	0	\$0	0	\$0	0	\$0
Probation	682	\$19,148,780	778	\$21,748,555	675	\$18,307,890
Public Defender	36	\$1,211,067	39	\$937,655	53	\$1,059,205
Public Library	60	\$836,362	43	\$797,998	41	\$1,000,309
Public Social Services	1,093	\$28,143,789	960	\$33,963,379	985	\$28,670,425
Public Works	363	\$6,886,951	324	\$6,770,390	305	\$5,863,824
Regional Planning	4	\$45,512	4	\$52,255	2	\$37,093
Registrar-Recorder/County Clerk	69	\$1,155,278	77	\$1,130,192	67	\$1,004,889
Sheriff	3,973	\$88,646,307	4,171	\$100,329,071	3,764	\$82,231,791
Superior Court	350	\$11,491,756	342	\$12,387,858	299	\$10,782,774
Treasurer and Tax Collector	27	\$711,927	27	\$736,435	26	\$603,667
Total	11,932	\$293,006,526	11,490	\$324,414,785	10,476	\$272,735,278

Notes:

1. Amount Paid is the total of the transactions paid for workers' compensation in the fiscal year; amount includes indemnity, legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves. Workers' compensation paid does not include salary continuation or Labor Code 4850 claim payments.
2. Amounts valued as of June 30, 2005.

**County of Los Angeles Percentage of Workers' Compensation Cost Paid by Department
FY 2004-05**

